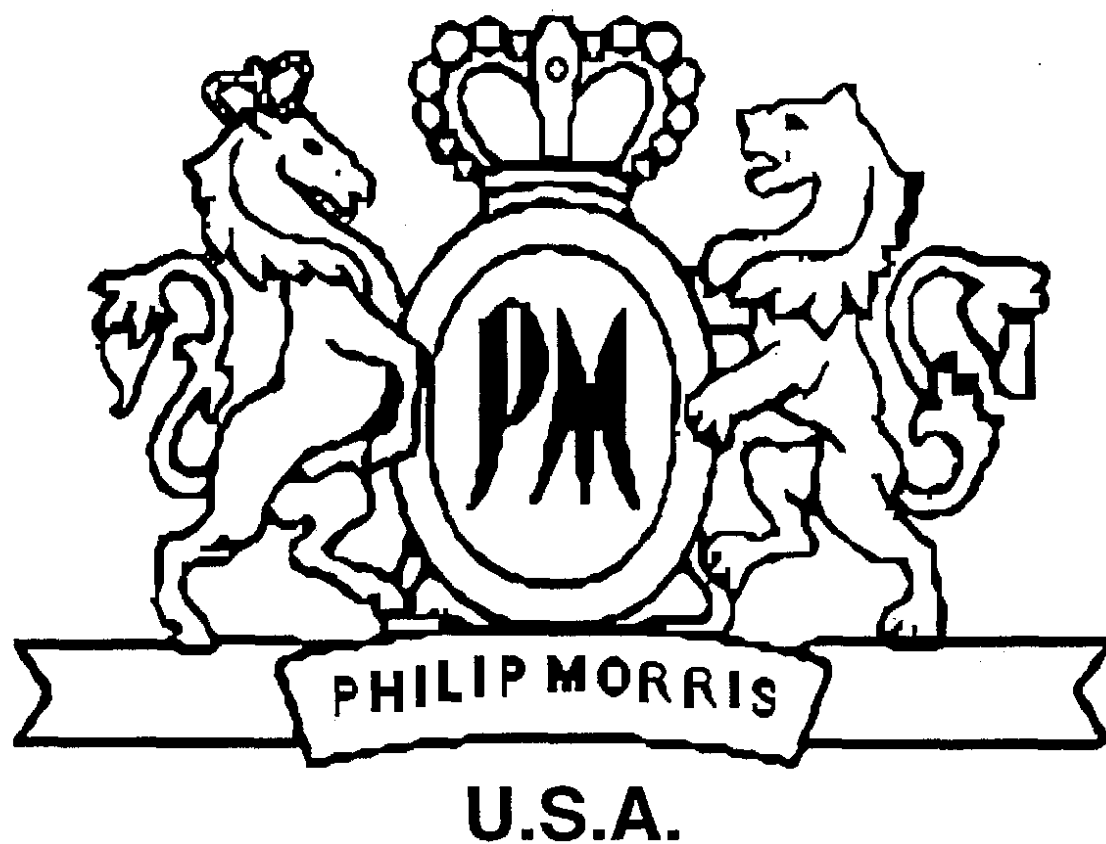


CONFIDENTIAL



WEEKLY PERFORMANCE SUMMARY

June 27, 1994

Marketing Information & Analysis

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WEEKLY UPDATE

IMPLICATIONS

June 27, 1994

- Recent increased competitive Discount promotions could temporarily depress Premium brand performance.
- Record PM-USA and Marlboro performance remain consistent across Shipment, Nielsen and Consumer Tracking sources.
- Most performance benchmarks remain favorable.
 - Basic's share of Discount, \$ pack price gaps and B&H shipment benchmarks are unfavorable.

Shipments

- Recent above normal competitive shipments during the last three weeks could suggest increased promotional activity to assist meeting second quarter targets.
- PM-USA QTD shipments are 9.8 billion above forecast mainly due to above average McLane shipments, absence of First Quarter trade program, Marlboro 5 for 4s and a stronger going rate.
 - Projected Second Quarter share could exceed 4 points above year ago.

Retail

- PM and Marlboro four week shares are at record levels.
 - Current week's shares declined as 5 for 4s sell through at retail.
- Stable to declining Discount category shares (32-33%), may benefit Premium brand performance.
 - Recent Discount increases may be related to four-week promotional cycles.

Michigan State Excise Tax

- Retail volume declined less than expected.
 - Net of pantry loading, PM (-8%) and Industry (-9%) declines comparable.
- Positive PM and Marlboro share performance (+1%) at the expense of RJR (-1%).
- Discount category share has remained stable.
- Volume movement indicates shift to pack outlets.

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SHIPMENTS

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PM-USA SECOND QUARTER PERFORMANCE W/E 6/24/94

- Basic's share of discount fell below benchmark as the discount category was above 33.0% for the third consecutive week.
 - All other performance benchmarks remain favorable except Benson & Hedges share of industry.
- PM-USA's weekly volume increased +115 million units to 4.3 billion units.
 - Adjusted for promotional units and payback of LIFO orders, PM's volume approximates going rate of 4,177.
 - PM-USA's weekly share (44.8%) rose +1.7 points, returning to recent levels.
- Industry volume remained within 9.6-9.8 billion units over the last three weeks.
 - B&W, Lorillard and American remained above normal.
- Projected PM-USA 2Q 1994 performance should yield share between 45.4 - 45.6%, about 4 points above 2Q93.
- PM-USA is 9.8 billion units above QTD forecast.
 - Lack of 1st Quarter trade program payback (+4.0 billion).
 - McLane above average shipments (2.3 billion).
 - All other direct account excess purchases including LIFO orders (0.8 billion)
 - Stronger going rate (1.4 billion).
 - Marlboro Country Store 5 for 4 shipments (1.6 billion).
 - Michigan accounts (-0.3 billion).

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BENCHMARKS - TOTAL US
SHIPMENTS 13 WEEK MOVING

	<u>Benchmarks</u>	<u>13 Weeks Ending 24-Jun</u>	<u>Current vs. Benchmark</u>
Philip Morris	42.0	45.3	3.3 Favorable
Marlboro	24.9	28.7	3.8 Favorable
OPB	7.8	8.1	0.3 Favorable
Virginia Slims	2.2	2.4	0.2 Favorable
Benson & Hedges	2.5	2.4	0.1 Unfavorable
Merit	2.3	2.4	0.1 Favorable
Parliament	0.6	0.7	0.1 Favorable
Basic-Share of Discount	14.2	14.0	0.2 Unfavorable
Private Label-Share of Market	8.5	6.6 *	1.9 Favorable
C-Store Pack Price Lowest Discount**	\$1.34	\$1.34	\$0.00 Favorable

*Reflects most current data for three months ending May 1994.

**Reflects a change in pricing data source from Market Decisions to Nielsen.

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6/24/94

SHIPMENTS

(To All Direct Accounts)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
13 wk Base Mar. 25, 1994	43.89	27.99	11.06	7.10	7.44	2.50
June 24, 1994 (13wm)	<u>45.35</u>	<u>26.43</u>	<u>11.36</u>	<u>7.11</u>	<u>7.35</u>	<u>2.37</u>
	1.46	(1.56)	0.30	0.01	(0.09)	(0.13)
<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>				
13 wk Base Mar. 25, 1994	66.49	33.51				
June 24, 1994 (13wm)	<u>67.78</u>	<u>32.22</u>				
	1.29	(1.29)				
<u>PM MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>V. Slims</u>	<u>B & H</u>	<u>Merit</u>	<u>Parliament</u>
13 wk Base Mar. 25, 1994	26.36	8.37	2.42	2.66	2.43	0.65
June 24, 1994 (13wm)	<u>28.65</u>	<u>8.05</u>	<u>2.38</u>	<u>2.42</u>	<u>2.40</u>	<u>0.65</u>
	2.29	(0.32)	(0.04)	(0.24)	(0.03)	0.00
<u>PM BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Bristol</u>	<u>Alpine</u>		
13 wk Base Mar. 25, 1994	4.81	1.81	0.21	0.35		
June 24, 1994 (13wm)	<u>4.52</u>	<u>1.75</u>	<u>0.19</u>	<u>0.36</u>		
	(0.29)	(0.06)	(0.02)	0.01		
<u>PM PRIVATE LABEL</u>	<u>PM</u>					
13 wk Base Mar. 25, 1994	1.90					
June 24, 1994 (13wm)	<u>1.76</u>					
	(0.14)					

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INDUSTRY VOLUME REMAINED ABOVE PROJECTED FOR THE LAST THREE WEEKS.
B&W, LORILLARD AND AMERICAN REMAIN ABOVE EXPECTED.

WEEKLY VOLUME
6/24 VS 6/17

	<u>6/24/94</u>	<u>6/17/94</u>	<u>6/10/94</u>	DIFF VS. <u>PREV. WEEK</u>	<u>% CHANGE</u>
INDUSTRY	9,647	9,766	9,668	(119)	-1.2%
PM	4,326	4,211	4,231	115	2.7%
RJ REYNOLDS	2,505	2,587	2,581	(82)	-3.2%
B & W	1,116	1,295	1,170	(179)	-13.8%
LORILLARD	723	720	715	3	0.4%
AMERICAN	741	737	733	4	0.5%
LIGGETT	235	215	236	20	9.3%

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MFR CHANGES 6/24 VS 6/17

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 6/24/94

WEEK

	<u>VOLUME</u>	<u>DIFF</u> <u>VS 1993</u>	<u>%CHANGE</u> <u>VS 1993</u>	<u>SHARE</u>	<u>DIFF</u> <u>VS 1993</u>	<u>FCST</u>	<u>VOLUME</u> <u>DIFF VS</u> <u>FCST</u>	<u>%CHANGE</u> <u>VS FCST</u>
INDUSTRY	9,647	160	1.7%			9,362	285	3.0%
PHILIP MORRIS	4,326	297	7.4%	44.84	2.37	3,978	348	8.7%
R.J. REYNOLDS	2,505	-232	-8.5%	25.97	-2.89	2,803	-298	-10.6%
B&W	1,116	-52	-4.5%	11.57	-0.75	1,082	34	3.1%
LORILLARD	723	111	18.2%	7.49	1.05	690	33	4.7%
AMERICAN	741	-2	-0.3%	7.68	-0.15	618	123	19.9%
LIGGETT	235	39	19.8%	2.44	0.37	191	44	23.0%

	DISCOUNT			PREMIUM		
	<u>VOLUME</u>	<u>SHARE</u>	<u>%CONT.</u>	<u>VOLUME</u>	<u>SHARE</u>	<u>%CONT.</u>
INDUSTRY	3,213	33.30		6,434	66.70	
PHILIP MORRIS	933	29.04	21.6%	3,393	52.73	78.4%
R.J. REYNOLDS	988	30.74	39.4%	1,517	23.58	60.6%
B&W	655	20.39	58.7%	461	7.16	41.3%
LORILLARD	31	0.95	4.2%	692	10.76	95.8%
AMERICAN	438	13.64	59.2%	303	4.70	40.8%
LIGGETT	168	5.21	71.3%	67	1.05	28.7%

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PRELIMINARY VOLUME AND SHARE

W/E 6/24/94

TOTAL INDUSTRY YEAR TO DATE

	<u>VOLUME</u>	<u>DIFF</u> <u>VS 1993</u>	<u>%CHANGE</u> <u>VS 1993</u>	<u>SHARE</u>	<u>DIFF</u> <u>VS 1993</u>	<u>VOLUME</u> <u>FCST</u>	<u>DIFF VS</u> <u>FCST</u>	<u>%CHANGE</u> <u>VS FCST</u>
INDUSTRY	233,367	22,639	10.7%			220,526	12,841	5.8%
PHILIP MORRIS	103,664	17,679	20.6%	44.42	3.62	91,507	12,154	13.3%
R.J. REYNOLDS	64,036	-4,572	-6.7%	27.44	-5.12	66,914	-2,878	-4.3%
B&W	26,362	4,461	20.4%	11.30	0.90	25,952	410	1.6%
LORILLARD	17,228	2,463	16.7%	7.38	0.38	16,721	507	3.0%
AMERICAN	16,631	2,243	15.6%	7.13	0.30	14,819	1,812	12.2%
LIGGETT	5,400	359	7.1%	2.31	-0.08	4,613	787	17.1%

DISCOUNT YEAR TO DATE

	<u>VOLUME</u>	<u>DIFF</u> <u>VS</u> <u>1993</u>	<u>%CHANGE</u> <u>VS</u> <u>1993</u>	<u>SHARE</u>	<u>DIFF</u> <u>VS</u> <u>1993</u>
INDUSTRY	76,618	-7,860	-9.3%	32.83	-7.26
PHILIP MORRIS	20,553	-5,143	-20.0%	26.83	-3.59
R.J. REYNOLDS	26,163	-6,206	-19.2%	34.15	-4.17
B&W	15,834	1,078	7.3%	20.67	3.20
LORILLARD	750	-83	-9.9%	0.98	-0.01
AMERICAN	9,216	1,788	24.1%	12.03	3.24
LIGGETT	4,099	707	20.8%	5.35	1.33

PREMIUM YEAR TO DATE

	<u>VOLUME</u>	<u>DIFF</u> <u>VS</u> <u>1993</u>	<u>%CHANGE</u> <u>VS</u> <u>1993</u>	<u>SHARE</u>	<u>DIFF</u> <u>VS</u> <u>1993</u>
INDUSTRY	156,749	30,499	24.2%	67.17	7.26
PHILIP MORRIS	83,110	22,823	37.9%	53.02	5.27
R.J. REYNOLDS	37,873	1,634	4.5%	24.16	-4.54
B&W	10,528	3,383	47.3%	6.72	1.06
LORILLARD	16,478	2,546	18.3%	10.51	-0.52
AMERICAN	7,415	455	6.5%	4.73	-0.78
LIGGETT	1,301	-346	-21.0%	0.83	-0.47

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ORIGINAL BUDGET FORECAST SECOND QUARTER 1994

TOTAL VOLUME

TOTAL SHARE

	WEEK ENDING 6/24			WEEK ENDING 6/24		
	ACTUAL	FCAST	DIFF.	ACTUAL	FCAST	DIFF.
INDUSTRY	9,647	9,362	285			
PHILIP MORRIS	4,326	3,978	348	44.84	42.49	2.35
R.J. REYNOLDS	2,505	2,803	-298	25.97	29.94	-3.97
B&W	1,116	1,082	34	11.57	11.56	0.01
LORILLARD	723	690	33	7.49	7.37	0.12
AMERICAN	741	618	123	7.68	6.60	1.08
LIGGETT	235	191	44	2.44	2.04	0.39

	QUARTER TO DATE			QUARTER TO DATE		
	ACTUAL	FCAST	DIFF.	ACTUAL	FCAST	DIFF.
INDUSTRY	118,072	109,140	8,932			
PHILIP MORRIS	53,971	44,145	9,826	45.71	40.45	5.26
R.J. REYNOLDS	31,311	33,838	-2,527	26.52	31.00	-4.49
B&W	13,233	13,062	171	11.21	11.97	-0.76
LORILLARD	8,562	8,331	231	7.25	7.63	-0.38
AMERICAN	8,329	7,462	867	7.05	6.84	0.22
LIGGETT	2,642	2,304	338	2.24	2.11	0.13

	YEAR TO DATE			YEAR TO DATE		
	ACTUAL	FCAST	DIFF.	ACTUAL	FCAST	DIFF.
INDUSTRY	233,367	220,526	12,841			
PHILIP MORRIS	103,664	91,507	12,154	44.42	41.49	2.93
R.J. REYNOLDS	64,036	66,914	-2,878	27.44	30.34	-2.90
B&W	26,362	25,952	410	11.30	11.77	-0.47
LORILLARD	17,228	16,721	507	7.38	7.58	-0.20
AMERICAN	16,631	14,819	1,812	7.13	6.72	0.41
LIGGETT	5,400	4,613	787	2.31	2.09	0.22

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13WM AVERAGE BY COMPETITOR
W/E 6/24/94

INDUSTRY	VOLUME	DIFF % CHANGE		SHARE	DIFF
		VS PRIOR	VS PRIOR		VS PRIOR
		13 WKS	13 WKS		13 WKS
	9,637	584	6.5%		
PHILIP MORRIS	4,370	397	10.0%	45.35	1.46
R.J. REYNOLDS	2,547	14	0.5%	26.43	-1.66
B&W	1,095	93	9.3%	11.36	0.30
LORILLARD	709	35	5.2%	7.35	-0.09
AMERICAN	686	42	6.6%	7.11	0.01
LIGGETT	229	2	0.9%	2.37	-0.13

DISCOUNT

INDUSTRY	VOLUME	DIFF % CHANGE		SHARE	DIFF
		VS PRIOR	VS PRIOR		VS PRIOR
		13 WKS	13 WKS	OF CAT.	13 WKS
	3,105	72	2.4%	32.22	-1.29
PHILIP MORRIS	833	5	0.6%	26.84	-0.48
R.J. REYNOLDS	1,022	-33	-3.2%	32.90	-1.88
B&W	660	62	10.4%	21.25	1.55
LORILLARD	31	3	11.2%	1.01	0.08
AMERICAN	387	40	11.5%	12.46	1.02
LIGGETT	172	-5	-2.6%	5.53	-0.28

PREMIUM

VOLUME	DIFF % CHANGE		SHARE	DIFF
	VS PRIOR	VS PRIOR		VS PRIOR
	13 WKS	13 WKS	OF CAT.	13 WKS
6,532	512	8.5%	67.78	1.29
3,537	393	12.5%	54.15	1.91
1,526	47	3.2%	23.36	-1.21
435	31	7.7%	8.66	-0.05
677	32	5.0%	10.37	-0.35
299	3	0.9%	4.57	-0.34
57	7	13.1%	0.87	0.04

	1994	13WM		BENCHMARK
	BENCHMARK	ACTUAL	DIFF.	GUIDELINE
PM-USA:	42.00	45.35	3.35	FAVORABLE
MARLBORO SHARE OF INDUSTRY	24.90	28.65	3.75	FAVORABLE
BASIC SHARE OF DISCOUNT	14.20	14.02	0.18	UNFAVORABLE

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Philip Morris USA

PM SHIPMENTS TO MCLANE ARE NEAR NORMAL LEVELS. MCLANE'S SALES TO RETAIL HAVE BEEN AVERAGING 555 MILLION PER WEEK.

TOTAL PM VOLUME MCLANE

(millions of cigarettes)

<u>Week ending</u>	<u>PM shipped to McLane</u>	<u>McLane shipped to Retailers</u>	<u>Difference</u>	<u>Cume Diff. From 1/7/94</u>
3/18	383.3	533.6	-150.3	
3/25	226.3	516.3	-290.0	
4/1	145.1	558.9	-413.8	
4/8	949.1	533.0	416.1	
4/15	1,076.6	529.6	547.0	
4/22	1,087.1	544.5	542.6	
4/29	726.7	560.8	165.9	
5/6	674.6	555.9	118.7	
5/13	614.2	565.8	48.4	
5/20	540.9	569.7	-28.8	
5/27	606.6	544.2	62.4	
6/3	544.8	538.0	6.8	
6/10	628.9	595.8	33.1	
6/17	586.5	587.4	-0.9	1,785.6
6/24	589.5	N/A	N/A	

All volumes exclude 24 Sam's Clubs in Michigan purchasing directly from PM.

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PM-USA WEEKLY PERFORMANCE

	<u>4/8</u>	<u>4/15</u>	<u>4/22</u>	<u>4/29</u>	<u>5/6</u>	<u>5/13</u>	<u>5/20</u>	<u>5/27</u>	<u>6/3</u>	<u>6/10</u>	<u>6/17</u>	<u>6/24</u>	2Q OB WEEKLY TARGET	2Q 2RF WEEKLY TARGET
MARLBORO	2,787	2,917	3,113	2,814	3,170	2,702	2,799	3,327	2,309	2,613	2,617	2,625	2,359	2,617
B&H	264	259	265	239	223	228	221	289	185	227	224	228	226	230
MERIT	247	253	254	234	222	225	219	287	192	230	234	231	215	224
V.SLIMS	251	256	252	229	223	223	215	291	186	224	220	225	211	224
PARLIAMENT	63	64	66	62	62	63	62	81	48	64	66	65	63	60
OTHER PREMIUM	21	19	19	18	22	20	18	23	15	19	19	18	20	19
CANADIAN	0	0	0	0	0	0	0	0	0	0	0	0	3	0
TOTAL PREMIUM	3,634	3,769	3,968	3,597	3,923	3,462	3,535	4,298	2,935	3,377	3,379	3,393	3,097	3,375
CAMBRIDGE	175	173	176	172	166	183	163	193	135	156	157	215	170	168
ALPINE	37	37	37	34	32	32	33	42	31	41	32	33	40	34
BUCKS	3	4	3	3	3	3	3	3	2	3	3	3	3	3
FVB	193	191	183	164	168	149	159	210	136	184	164	145	175	168
BASIC	472	471	448	407	395	388	378	485	361	449	454	517	475	409
BRISTOL	19	22	20	17	18	19	18	20	16	18	18	17	20	17
PLAYERS 25	4	4	4	4	3	4	3	5	3	3	4	3	3	3
TOTAL DISCOUNT	904	901	872	800	786	777	757	959	684	854	832	933	886	802
TOTAL PM-USA	4,538	4,670	4,840	4,397	4,708	4,239	4,292	5,257	3,620	4,231	4,211	4,326	3,983	4,177

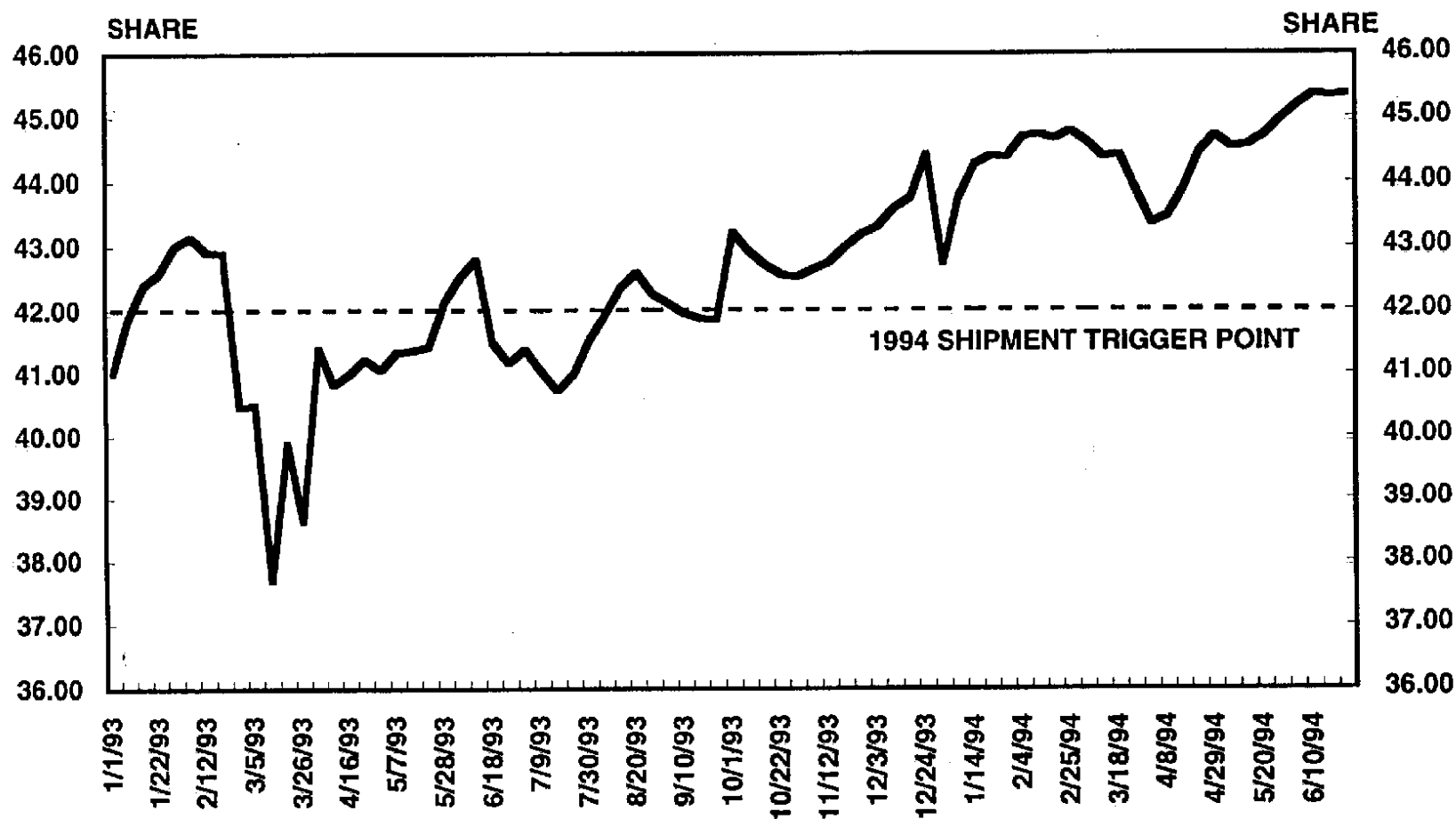
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PM-USA WEEKLY PERFORMANCE

	<u>4/8</u>	<u>4/15</u>	<u>4/22</u>	<u>4/29</u>	<u>5/6</u>	<u>5/13</u>	<u>5/20</u>	<u>5/27</u>	<u>6/3</u>	<u>6/10</u>	<u>6/17</u>	<u>6/24</u>	2Q OB WEEKLY TARGET	2Q 2RF WEEKLY TARGET
MARLBORO	27.40	28.62	31.22	29.69	31.71	28.82	29.86	29.45	28.39	27.03	26.79	27.21	25.19	27.82
B&H	2.60	2.54	2.65	2.52	2.23	2.44	2.36	2.56	2.27	2.35	2.29	2.36	2.42	2.46
MERIT	2.43	2.48	2.54	2.47	2.22	2.40	2.34	2.54	2.36	2.38	2.39	2.40	2.30	2.38
V.SLIMS	2.47	2.51	2.53	2.42	2.23	2.38	2.29	2.58	2.29	2.31	2.25	2.33	2.25	2.39
PARLIAMENT	0.62	0.63	0.66	0.66	0.62	0.68	0.66	0.71	0.60	0.66	0.67	0.68	0.67	0.64
OTHER PREMIUM	0.21	0.21	0.20	0.19	0.22	0.21	0.20	0.19	0.19	0.20	0.20	0.20	0.21	0.20
CANADIAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00
TOTAL PREMIUM	35.73	36.99	39.80	37.95	39.23	36.93	37.71	38.03	36.10	34.93	34.59	35.18	33.07	35.89
CAMBRIDGE	1.71	1.69	1.77	1.82	1.66	1.96	1.74	1.71	1.66	1.62	1.61	2.23	1.82	1.78
ALPINE	0.37	0.37	0.37	0.36	0.32	0.34	0.35	0.37	0.38	0.42	0.33	0.34	0.43	0.36
BUCKS	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
FVB	1.89	1.87	1.83	1.73	1.68	1.58	1.69	1.86	1.68	1.90	1.67	1.50	1.87	1.79
BASIC	4.64	4.62	4.51	4.29	3.95	4.14	4.03	4.30	4.44	4.64	4.65	5.36	5.07	4.34
BRISTOL	0.19	0.21	0.20	0.18	0.18	0.20	0.19	0.18	0.18	0.19	0.19	0.18	0.21	0.18
PLAYERS 25	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.04	0.03	0.03	0.03
TOTAL DISCOUNT	8.88	8.84	8.75	8.45	7.86	8.29	8.07	8.49	8.41	8.83	8.52	9.67	9.46	8.51
TOTAL PM-USA	44.61	45.83	48.55	46.40	47.09	45.22	45.78	46.52	44.51	43.76	43.11	44.85	42.53	44.40

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PM SHARE OF MARKET 13 WEEK MOVING AVERAGE

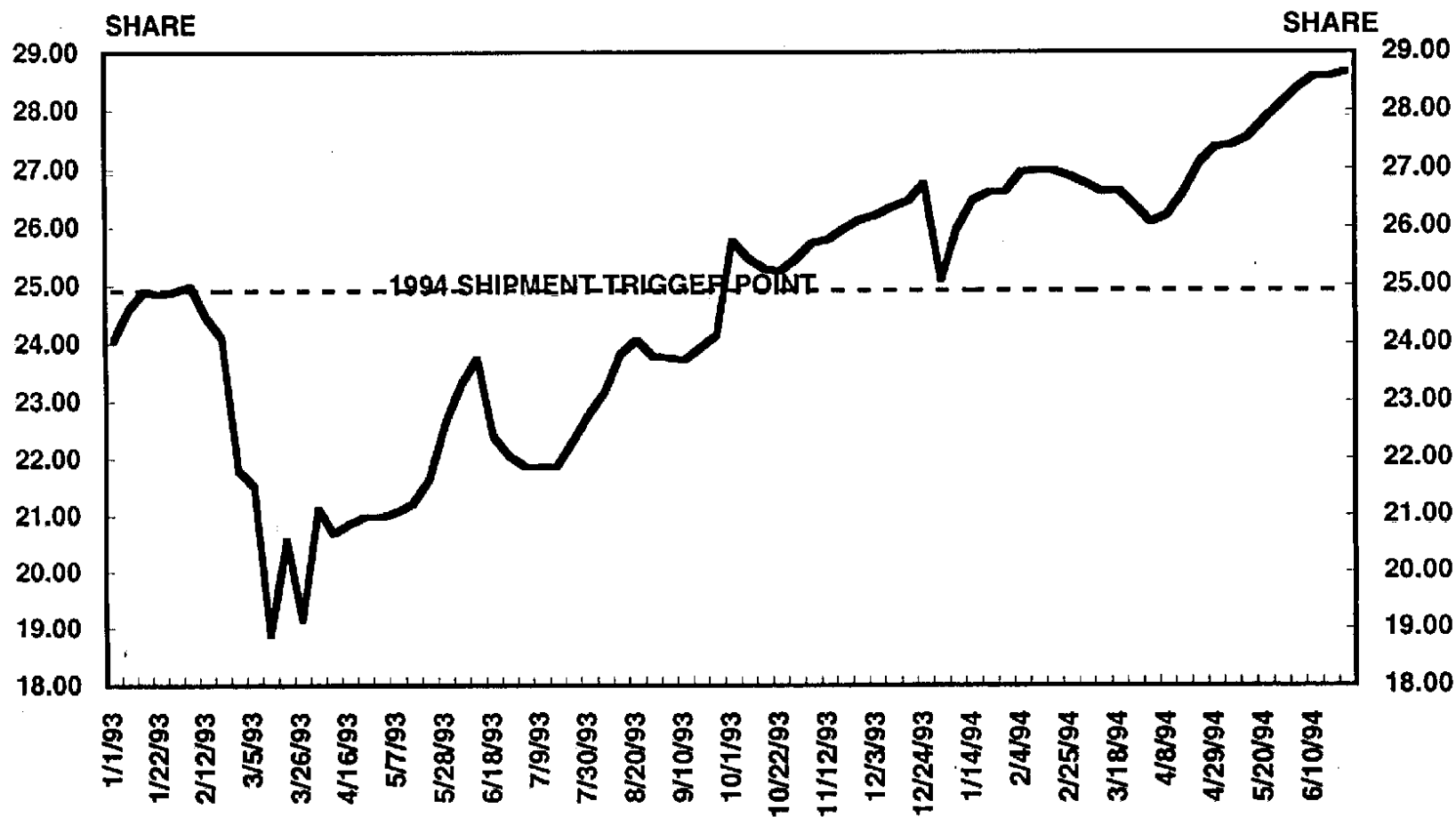


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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 1

MARLBORO SHARE OF MARKET 13 WEEK MOVING AVERAGE

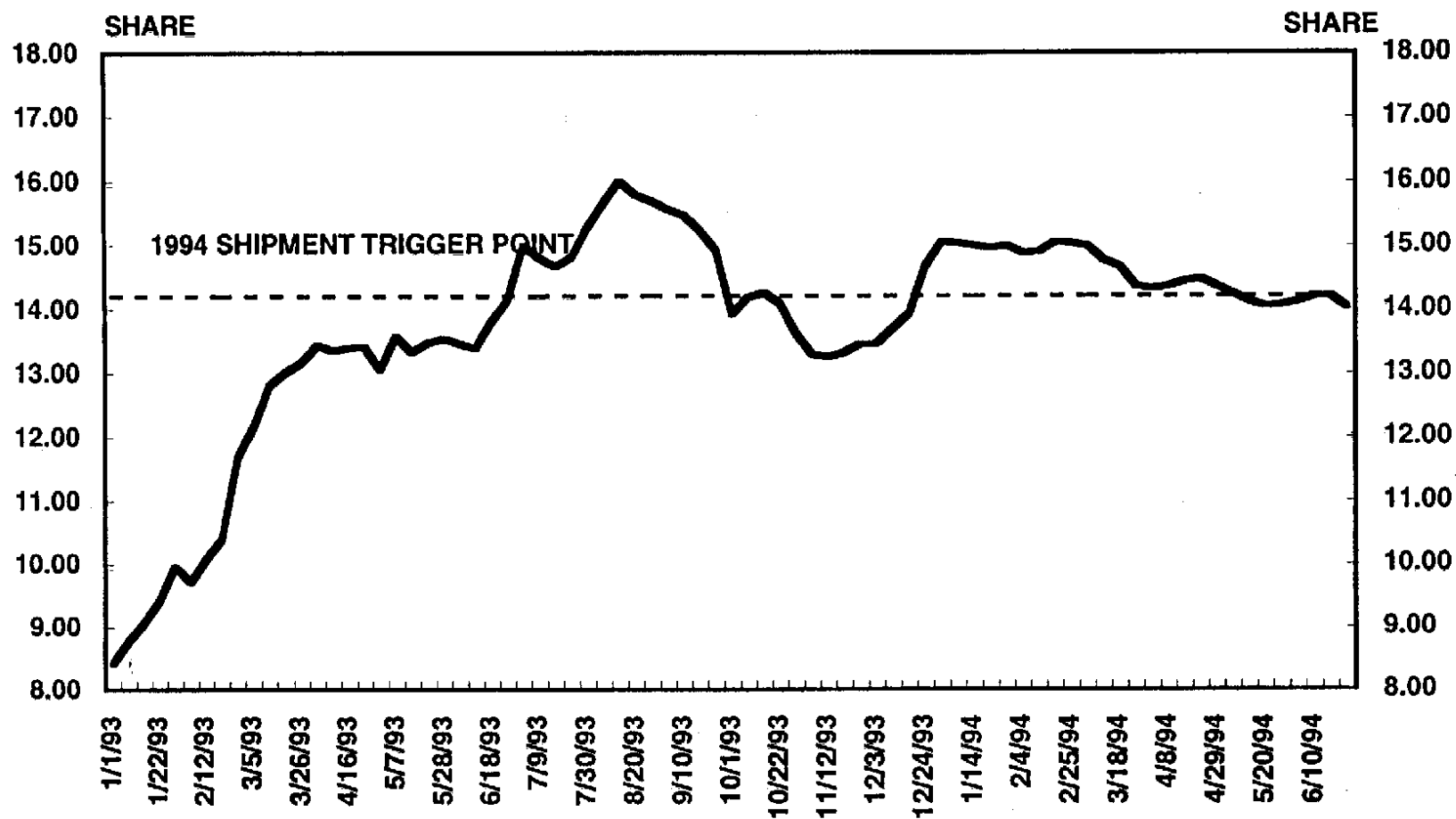


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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 2

BASIC SHARE OF DISCOUNT 13 WEEK MOVING AVERAGE



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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 4

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PRICING

PRICING

6/18

- National and regional Premium and Lowest Discount prices and gaps have been stable since August 1993.
- National $\leq 99\text{¢}$ incidence (15%) is stable YTD. However, there is week-to-week movement by geography.
 - Incidence appears to be impacted by state excise tax levels:
 - States with lowest SET's ($\leq 15\text{¢}$) have highest incidence (46% of stores) but smallest industry volume contribution (14%).
 - States with SET's $\geq 30\text{¢}$ have virtually no stores with 99¢ pricing and represent more than half of industry volume (55%).
 - Incidence has increased +6 points to 24% in states with 16¢-29¢ excise tax rates.
 - Fluctuations over time appear linked to four week promotional cycles.
- Incidence of Basic's $>10\text{¢}$ price disadvantage with the Lowest Discount brand and GPC has increased +17-19 points YTD.
 - Week to week, incidence increased +2 points to 58% with GPC and held at 73% with Lowest Discount.
 - Basic's average \$ price disadvantage with these brands has been unchanged.

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Prices and gaps remained stable YTD.

C-STORE PACKS

	<u>1/8</u>	<u>5/28</u>	<u>6/4</u>	<u>6/11</u>	<u>6/18</u>	<u>Change Prior Week</u>
Marlboro (net)	\$1.91	\$1.93	\$1.92	\$1.93	\$1.92	(\$0.01)
Lowest Discount	1.34	1.34	1.34	1.34	1.34	\$0.00
\$ Gap	0.57	0.59	0.58	0.59	0.58	(\$0.01)
% Gap	42.5%	44.0%	43.3%	44.0%	43.3%	-0.7%

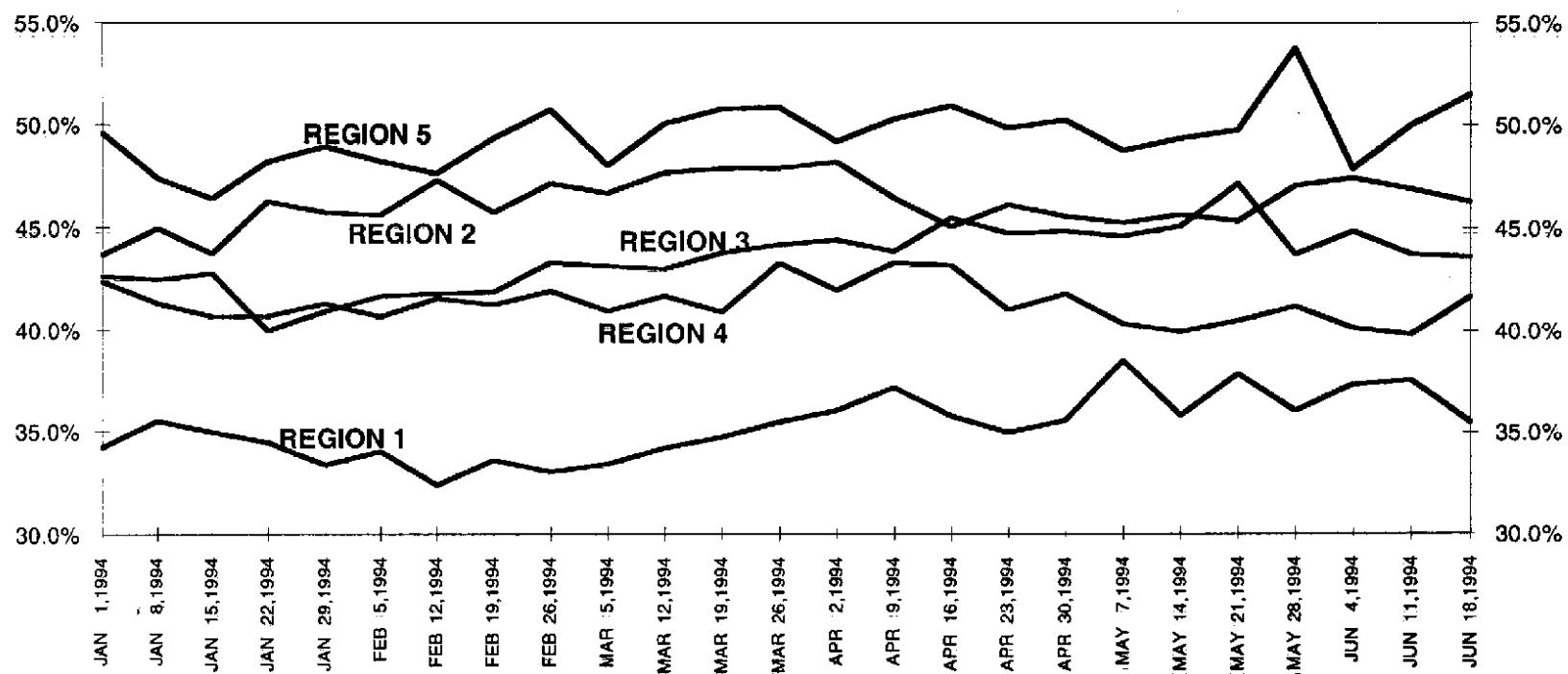
SUPERMARKET CARTONS

Marlboro (net)	\$16.27	\$16.40	\$16.45	\$16.48	\$16.41	(\$0.07)
Lowest Discount	11.86	11.63	11.71	11.72	11.72	\$0.00
\$ Gap	4.41	4.77	4.74	4.76	4.69	(\$0.07)
% Gap	37.2%	41.0%	40.5%	40.6%	40.0%	-0.6%

SOURCE: NIELSEN PRICING AUDIT

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REGIONAL PRICES AND GAPS HAVE REMAINED STABLE YTD WITH REGION 5 HAVING THE HIGHEST PRICE GAP AND REGION 1 HAVING THE LOWEST.



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SOURCE: NIELSEN PRICING AUDIT

gaps by region 1994 Chart 1

Price gap changes in regions 2 and 5 offset changes the prior week.

	6/18				
	<u>Marlboro</u>	<u>Lowest Discount</u>	<u>\$ GAP</u>	<u>% GAP</u>	<u>Chg. vs. prior wk</u>
NATIONAL	1.92	1.34	\$0.58	43.3%	(\$0.01)
R1	2.10	1.55	\$0.55	35.5%	(\$0.03)
R2	1.77	1.21	\$0.56	46.3%	(\$0.01)
R3	1.91	1.33	\$0.58	43.6%	\$0.00
R4	1.87	1.32	\$0.55	41.7%	\$0.02
R5	2.06	1.36	\$0.70	51.5%	\$0.02

SOURCE: NIELSEN PRICING AUDIT

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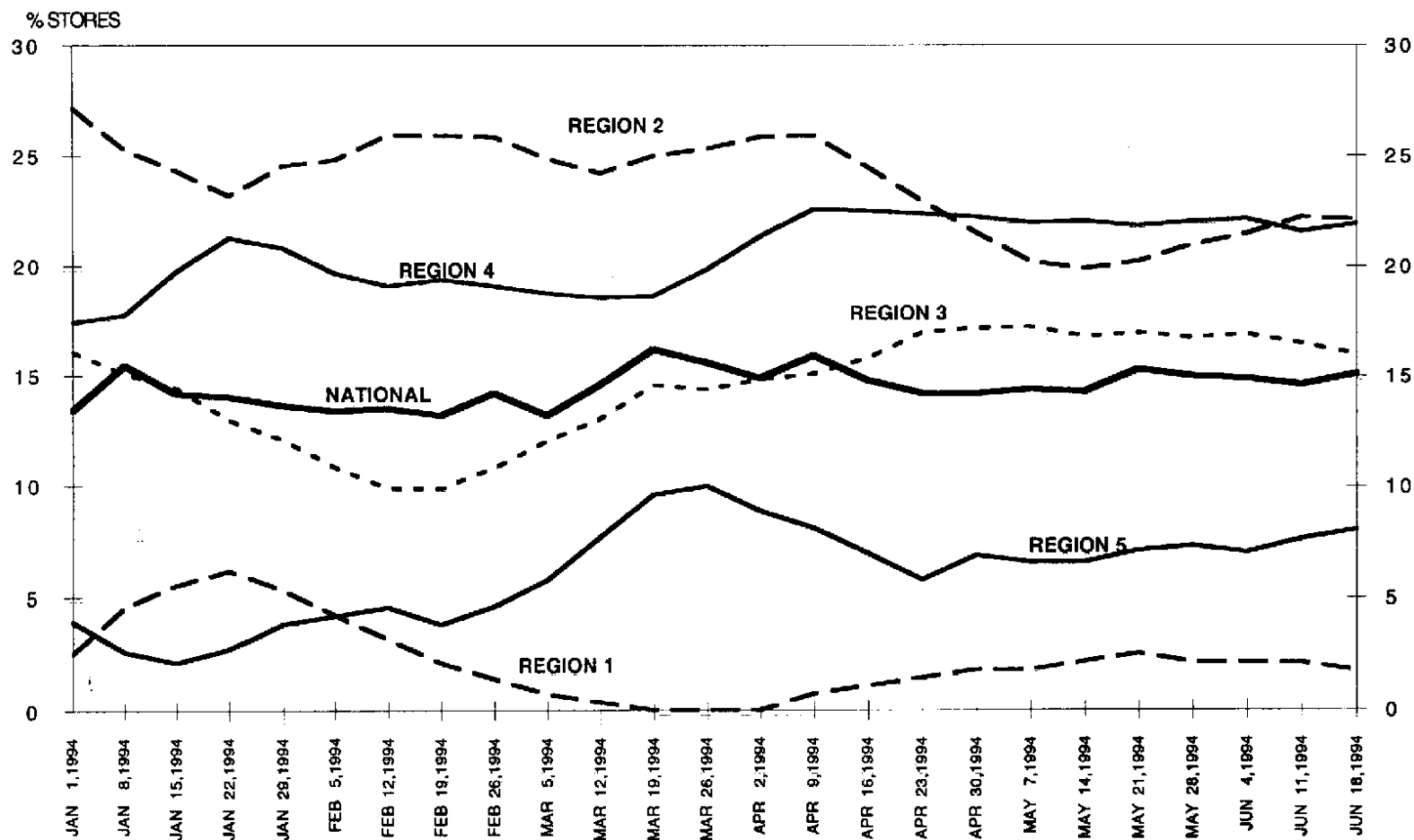
Nationally, $\leq 99\text{¢}$ incidence remained at 15% with metropolitan areas significantly below all other geographies.

		Change vs. <u>1 WAGO</u>	Change vs. <u>4 WAGO</u>	Weighted Avg. <u>State Tax</u>
	<u>6/18</u>			
NATIONAL	15.1%	0.5	-0.2	\$0.29
R1	1.4%	-1.4	-1.4	\$0.43
R2	21.3%	-1.7	-0.5	\$0.18
R3	16.7%	1.8	-2.0	\$0.31
R4	21.8%	2.3	1.4	\$0.26
R5	10.0%	1.4	1.7	\$0.33
COUNTIES				
A	10.5%	1.3	-0.3	N/A
B	15.9%	-0.3	-1.3	N/A
C	21.8%	3.3	3.6	N/A
D	18.4%	-2.6	0.0	N/A

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SOURCE: NIELSEN PRICING AUDIT

99¢ INCIDENCE REMAINS RELATIVELY STABLE WITHIN REGIONS WITH REGIONS 2 AND 4
HAVING THE HIGHEST INCIDENCE AND REGION 1 HAVING THE LOWEST.

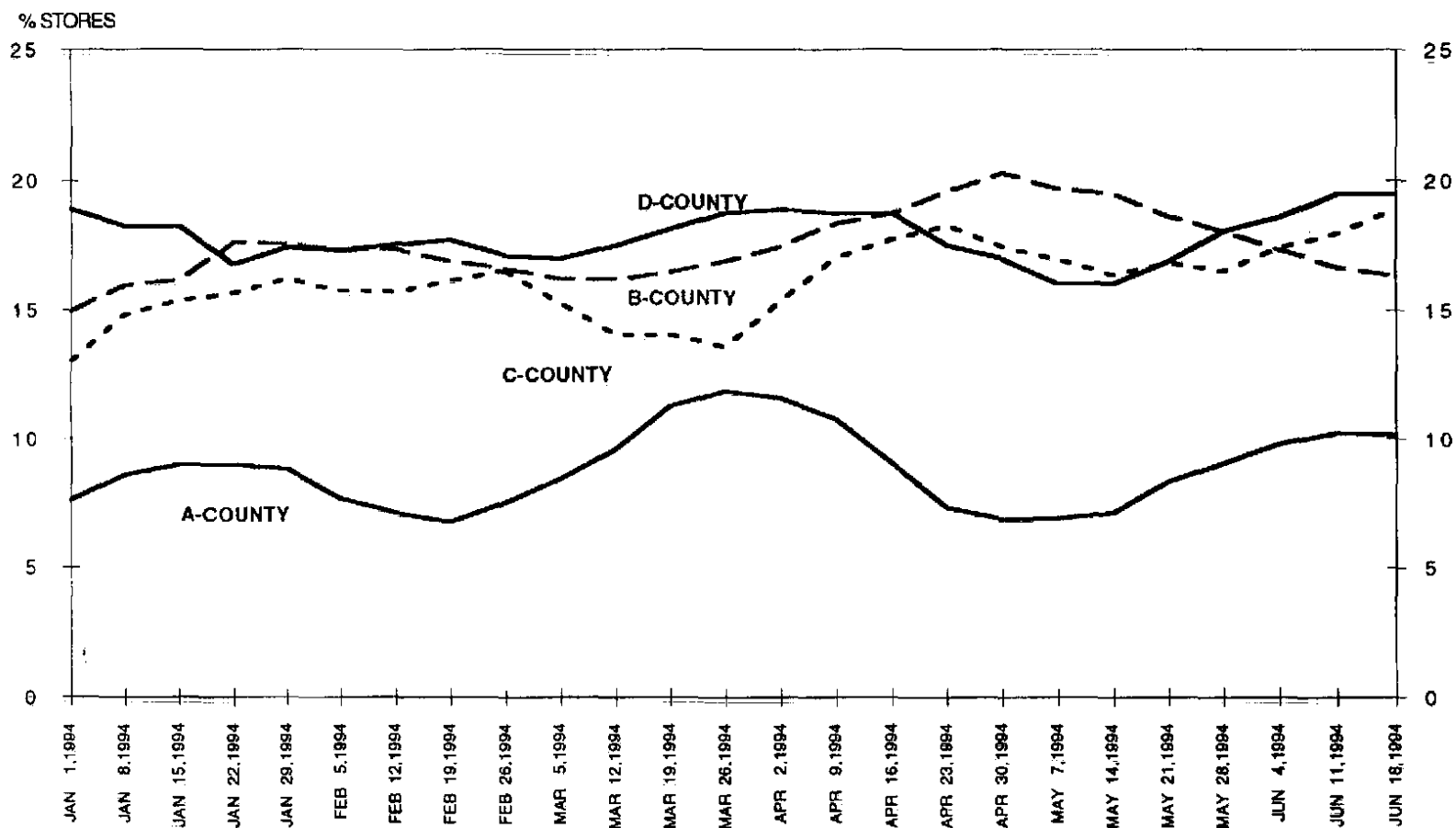


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SOURCE: NIELSEN PRICING AUDIT

99¢ region/county 4wm Chart 2

≤99¢ INCIDENCE IN METROPOLITAN AREAS REMAINS BELOW THAT OF SMALLER CITIES,
SUBURBS, AND RURAL AREAS. FLUCTUATIONS IN INCIDENCE FOLLOWS A 4 WEEK CYCLE
AS HALF OF ALL 99¢ INCIDENCE IS PROMOTIONALLY DRIVEN.

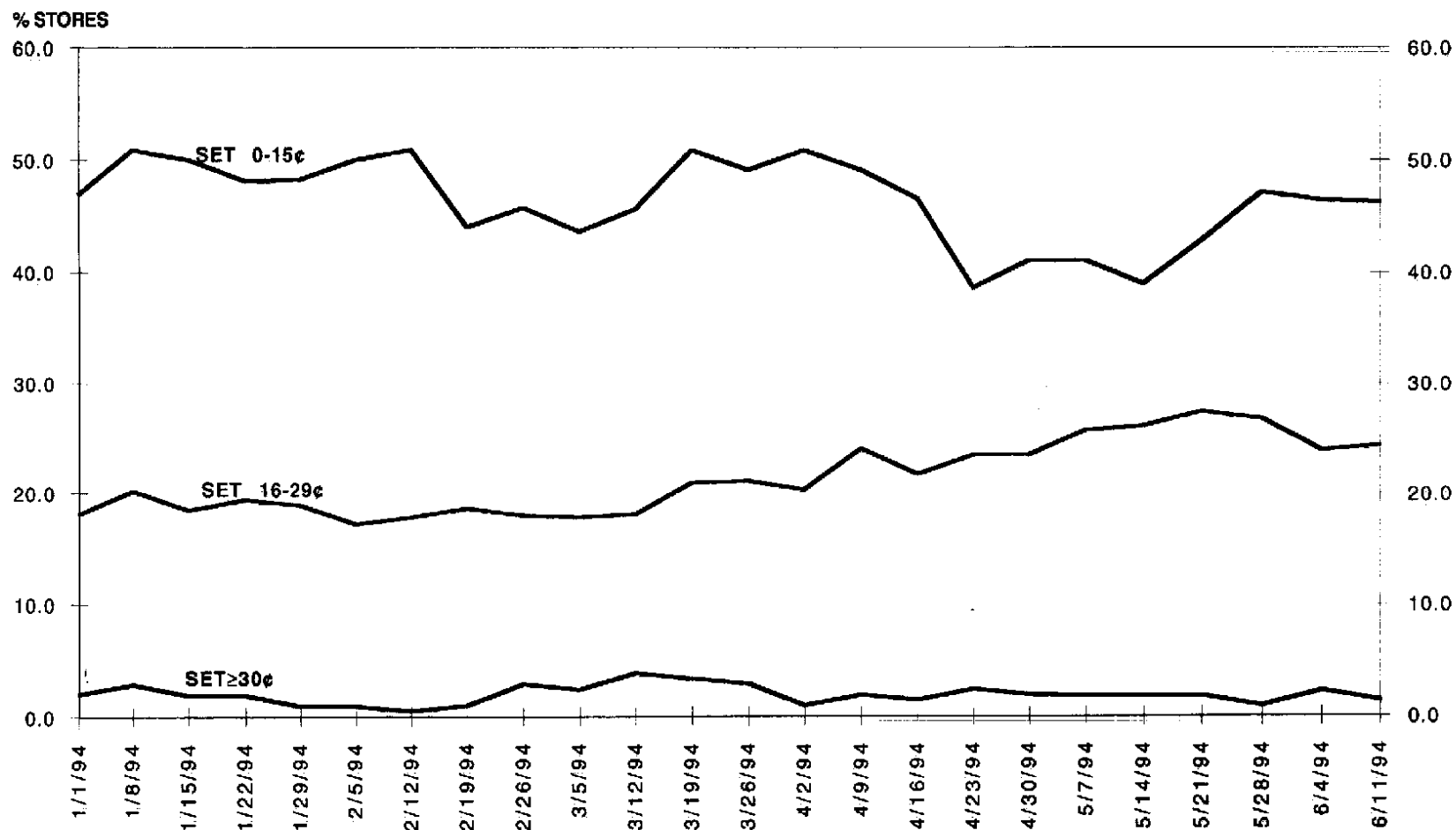


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DE: NIELSEN PRICING AUDIT

99¢ region/county 4wm Ch

While national $\leq 99\text{¢}$ incidence has remained constant YTD, incidence has increased +6 points to 24% of stores in states with excise taxes ranging from 16¢-29¢.



SOURCE: NIELSEN PRICING AUDIT

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states with 16-19¢ tax: ID, UT, AZ, CO, SD, KS, OK, MO, LA, MS, AL, OH, IN, WV, DE, VT, NH.

99¢ BY TAX AGGREGATE Chart 1

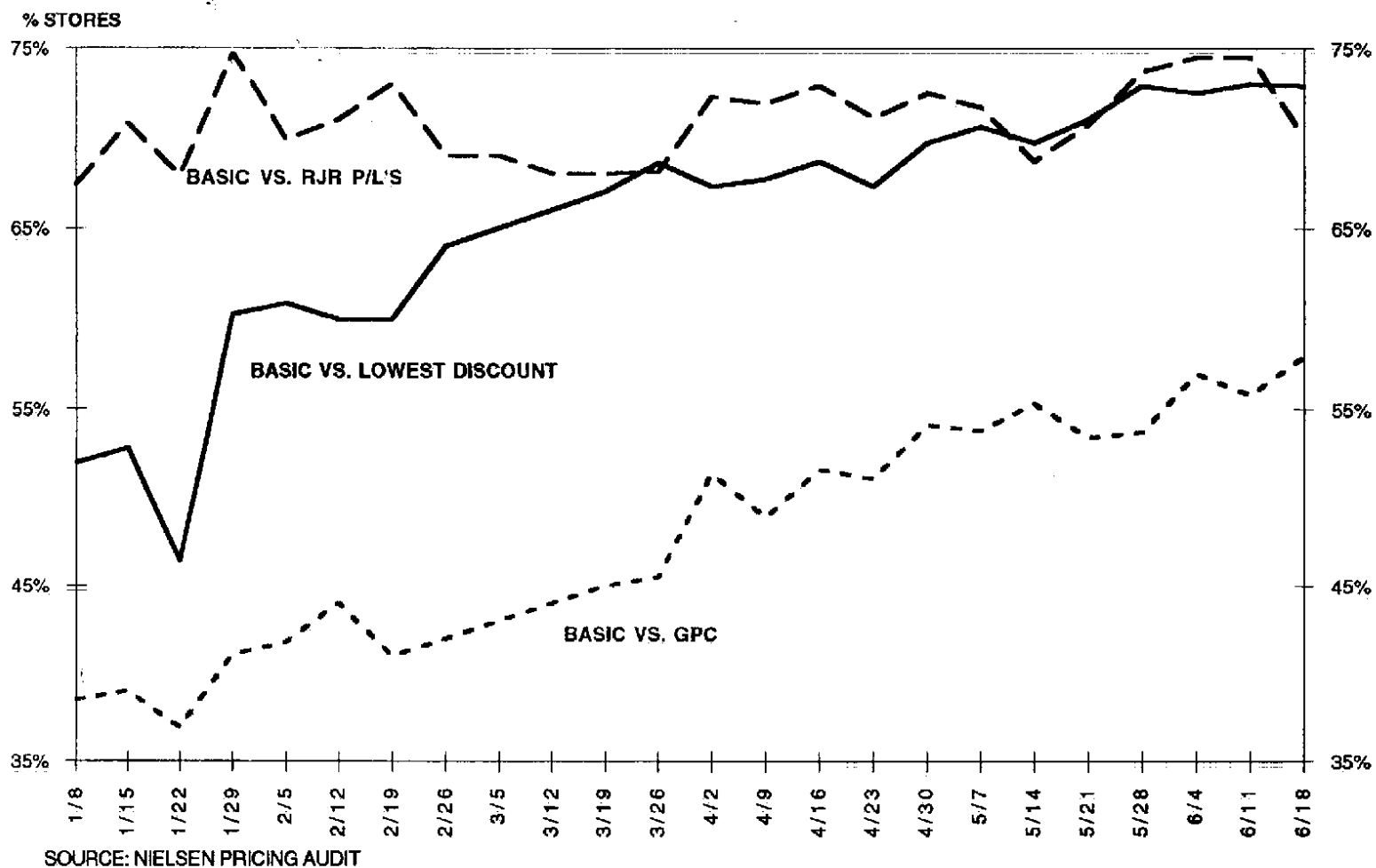
Across common stores, Basic's average price gap with Monarch increased week to week.

	<u>1/8</u>	<u>5/28</u>	<u>6/4</u>	<u>6/11</u>	<u>6/18</u>	Change vs. <u>Prior Week</u>	Change vs. <u>YTD</u>
Basic	\$1.50	\$1.55	\$1.56	\$1.56	\$1.56	\$0.00	\$0.06
Same Store Gaps							
GPC	0.09	0.14	0.15	0.15	0.15	0.00	0.06
Monarch	0.05	0.06	0.06	0.06	0.08	0.02	0.03
Lowest Discount	0.15	0.23	0.23	0.23	0.23	0.00	0.08

SOURCE: NIELSEN PRICING AUDIT

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**INCIDENCE OF BASIC'S >10¢ PRICE DISADVANTAGE WITH GPC AND LOWEST
DISCOUNT HAVE INCREASED SUBSTANTIALLY YTD.**



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Basic's >10¢ price disadvantage with GPC increased +19 points YTD, increasing +2 points week to week.

Basic vs. GPC in C-stores

	<u>1/8</u>	<u>5/28</u>	<u>6/4</u>	<u>6/11</u>	<u>6/18</u>
# SAME STORES	205	227	237	226	240
<u>BASIC > GPC by 10¢*</u>					
# STORES	79	122	135	126	139
% STORES	39%	54%	57%	56%	58%
<u>PRICE DISADVANTAGE *</u>					
AVG. \$	\$0.24	\$0.25	\$0.25	\$0.25	\$0.25
MAXIMUM	\$0.50	\$0.60	\$0.50	\$0.52	\$0.60
MINIMUM	\$0.12	\$0.13	\$0.13	\$0.13	\$0.12

* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price > GPC by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

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Basic's >10¢ price disadvantage with the Lowest Discount brand has increased +17 points YTD.

Basic vs. Lowest Discount in C-stores

	<u>1/8</u>	<u>5/28</u>	<u>6/4</u>	<u>6/11</u>	<u>6/18</u>
# SAME STORES	314	328	338	326	339
<u>BASIC > LOWEST DISC. BY 10¢*</u>					
# STORES	176	239	245	238	247
% STORES	56%	73%	73%	73%	73%
<u>PRICE DISADVANTAGE *</u>					
AVG. \$	\$0.30	\$0.30	\$0.31	\$0.31	\$0.30
MAXIMUM	\$0.76	\$0.66	\$0.66	\$0.66	\$0.70
MINIMUM	\$0.12	\$0.11	\$0.11	\$0.11	\$0.11

* All comparisons are based on stores with both brands in distribution.

** Price disadvantage ONLY in stores where Basic's price >Lowest Discount by more than 10¢.

SOURCE: NIELSEN PRICING PANEL

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NIELSEN

PM'S ALL OUTLET COMBINED PERFORMANCE WEEKLY INTEGRATED NIELSEN - W/E 6/11/94

- All performance benchmarks remain favorable.
- PM's and Marlboro's weekly shares experienced their first declines (-0.3 each) since the week ending April 30.
 - Sell through of Marlboro B4G1F's accounted for half of the franchise's weekly loss (-0.13 points to 1.1%).
 - PM's and Marlboro's shares continued to expand to record levels on a YTD (+1.7) and four week (+0.4 to +0.5) basis.
 - PM's Other Premium and Discount Brands' shares have been stable since February.
- RJR's share decline continued on a weekly (-0.2), four week (-0.3) and YTD (-2.0) basis.
 - Weekly share was 28.3%, as losses by Monarch (-0.2) and its premium brands (-0.1) were partially offset by PL gains (+0.1).
 - Discount brand losses (Best Value, Monarch and Private Labels) impacted RJR's YTD and four week performance.
- The Discount Category experienced its third consecutive weekly advance, up +0.4 points to 32.0%, primarily driven by GPC (+0.3) and RJR's PL's (+0.1).
 - YTD and four week (31.6%) shares remain below prior levels, down -1.0 and -0.5 points respectively.
 - GPC (4.9%) has grown the most YTD and since July 1993 despite category contraction.

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BENCHMARKS - TOTAL US
WEEKLY INTEGRATED NIELSEN - ALL OUTLET COMBINED

	<u>Target</u>	<u>Benchmarks*</u>	<u>4 w/e 11-Jun</u>	<u>Current vs. Benchmark</u>
Philip Morris	44.3	44.5 (lower limit)	46.7	2.2 Favorable
Marlboro	25.7	26.3 (lower limit)	28.6	2.3 Favorable
OPB	8.8	8.9 (lower limit)	9.1	0.2 Favorable
Virginia Slims	2.7	2.7 (lower limit)	2.9	0.2 Favorable
Benson & Hedges	2.5	2.5 (lower limit)	2.6	0.1 Favorable
Merit	2.8	2.8 (lower limit)	2.9	0.1 Favorable
Parliament	0.6	0.6 (lower limit)	0.6	0.0 Favorable
Basic Shr. of Disc. (SOC)	15.1	14.5 (lower limit)	14.9	0.4 Favorable
Discount Category	34.5	+2.0 Pts. (upper limit)**	31.6	2.9 Favorable
Private Label	8.5	9.0 (upper limit)	7.2	1.8 Favorable

* Revised to reflect 1994 First Revised Forecast.

** Annualized category growth (upper limit) is +2.0 points. First 6 months of 1994 total Discount category cannot exceed 34.5%.

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Weekly AOC bench

NIELSEN INTEGRATED DATA
(All Outlets Combined)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>				
Base March 1993	41.63	33.58	10.70	5.92	5.73	2.31				
June 11, 1994 (4WM)	<u>46.72</u>	<u>28.44</u>	<u>10.38</u>	<u>6.17</u>	<u>6.28</u>	<u>1.87</u>				
	5.09	(5.14)	(0.32)	0.25	0.55	(0.44)				
<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>						
Base March 1993	61.96	37.70	28.36	9.35						
June 11, 1994 (4WM)	<u>68.26</u>	<u>31.64</u>	<u>24.42</u>	<u>7.22</u>						
	6.30	(6.06)	(3.94)	(2.13)						
<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>					
Base March 1993	22.04	9.06	5.61	0.43	3.82					
June 11, 1994 (4WM)	<u>28.64</u>	<u>9.05</u>	<u>5.94</u>	<u>0.97</u>	<u>4.36</u>					
	6.60	(0.01)	0.33	0.54	0.54					
<u>MAJOR BRANDS</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>	<u>Kool</u>	<u>Newport</u>					
Base March 1993	4.22	1.72	0.80	3.27	3.24					
June 11, 1994 (4WM)	<u>3.90</u>	<u>1.40</u>	<u>0.63</u>	<u>3.09</u>	<u>3.84</u>					
	(0.32)	(0.32)	(0.17)	(0.18)	0.60					
<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>	
Base March 1993	4.00	2.25	0.52	4.27	0.88	0.93	2.81	3.51	4.48	
June 11, 1994 (4WM)	<u>4.72</u>	<u>1.80</u>	<u>0.41</u>	<u>4.43</u>	<u>1.06</u>	<u>1.22</u>	<u>1.87</u>	<u>1.03</u>	<u>4.94</u>	
	0.72	(0.45)	(0.11)	0.16	0.18	0.29	(0.94)	(2.48)	0.46	
<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>						
Base March 1993	2.96	4.74	1.22	0.43						
June 11, 1994 (4WM)	<u>1.75</u>	<u>3.76</u>	<u>1.06</u>	<u>0.65</u>						
	(1.21)	(0.98)	(0.16)	0.22						

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NOTE: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

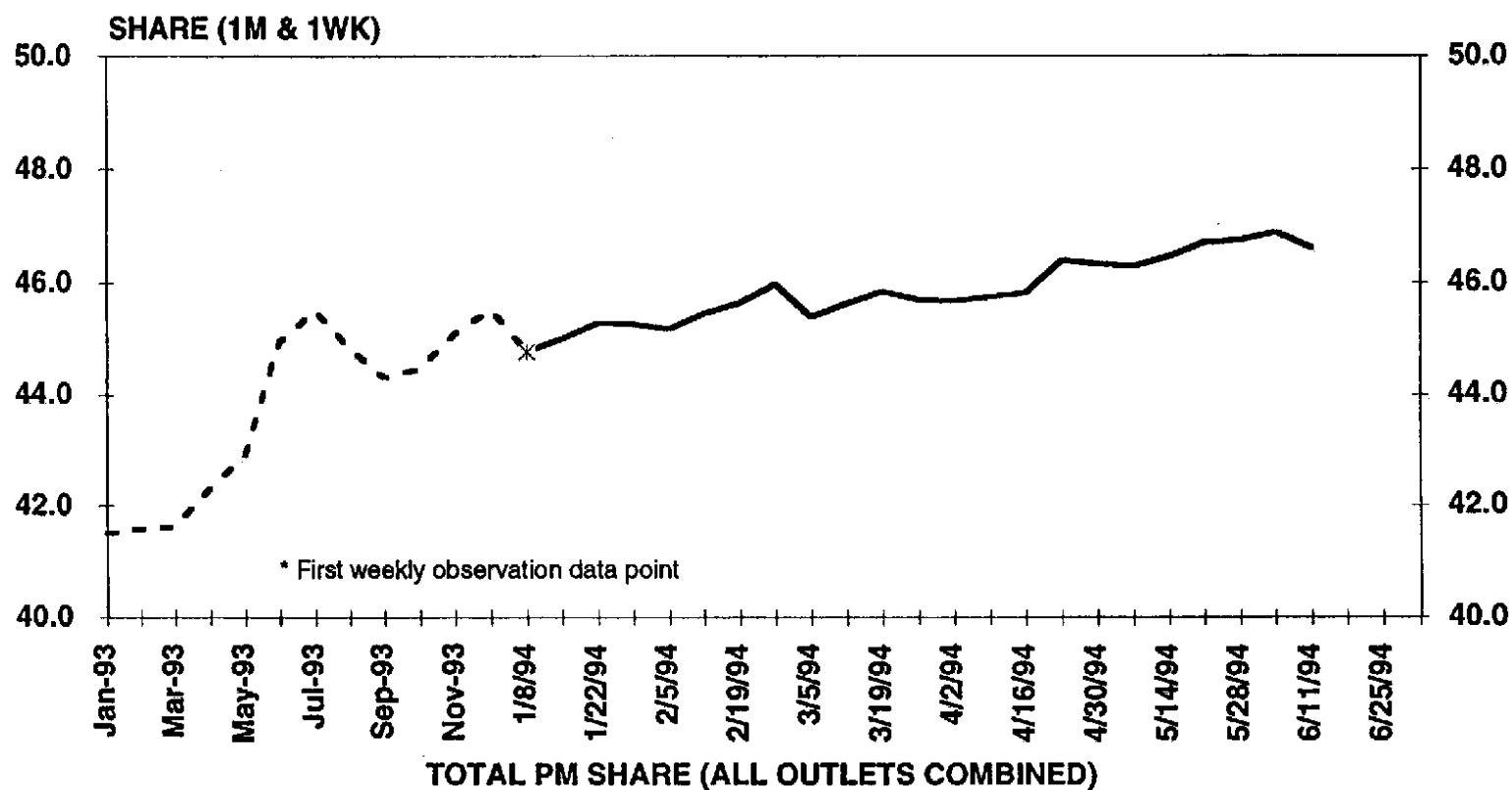
NIELSEN INTEGRATED DATA
(All Outlets Combined)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>				
Base July 1993	45.50	31.87	9.81	5.50	5.38	1.82				
June 11, 1994 (4WM)	<u>46.72</u>	<u>28.44</u>	<u>10.38</u>	<u>6.17</u>	<u>6.28</u>	<u>1.87</u>				
	1.22	(3.43)	0.57	0.67	0.90	0.05				
<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>						
Base July 1993	64.54	35.31	26.41	8.90						
June 11, 1994 (4WM)	<u>68.26</u>	<u>31.64</u>	<u>24.42</u>	<u>7.22</u>						
	3.72	(3.67)	(1.99)	(1.68)						
<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>					
Base July 1993	26.63	8.30	6.10	0.58	3.88					
June 11, 1994 (4WM)	<u>28.64</u>	<u>9.05</u>	<u>5.94</u>	<u>0.97</u>	<u>4.36</u>					
	2.01	0.75	(0.16)	0.39	0.48					
<u>MAJOR BRANDS</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>	<u>Kool</u>	<u>Newport</u>					
Base July 1993	3.91	1.49	0.68	3.01	3.17					
June 11, 1994 (4WM)	<u>3.90</u>	<u>1.40</u>	<u>0.63</u>	<u>3.09</u>	<u>3.84</u>					
	(0.01)	(0.09)	(0.05)	0.08	0.67					
<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>	
Base July 1993	4.95	1.94	0.44	4.66	0.83	0.83	2.43	2.27	4.13	
June 11, 1994 (4WM)	<u>4.72</u>	<u>1.80</u>	<u>0.41</u>	<u>4.43</u>	<u>1.06</u>	<u>1.22</u>	<u>1.87</u>	<u>1.03</u>	<u>4.94</u>	
	(0.23)	(0.14)	(0.03)	(0.23)	0.23	0.39	(0.56)	(1.24)	0.81	
<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>						
Base July 1993	2.75	4.63	0.97	0.55						
June 11, 1994 (4WM)	<u>1.75</u>	<u>3.76</u>	<u>1.06</u>	<u>0.65</u>						
	(1.00)	(0.87)	0.09	0.10						

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NOTE: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

PM'S WEEKLY SHARE DECLINED -0.3 POINTS TO 46.6%, WHILE ITS FOUR WEEK SHARE GAINED +0.4 POINTS TO 46.7%.

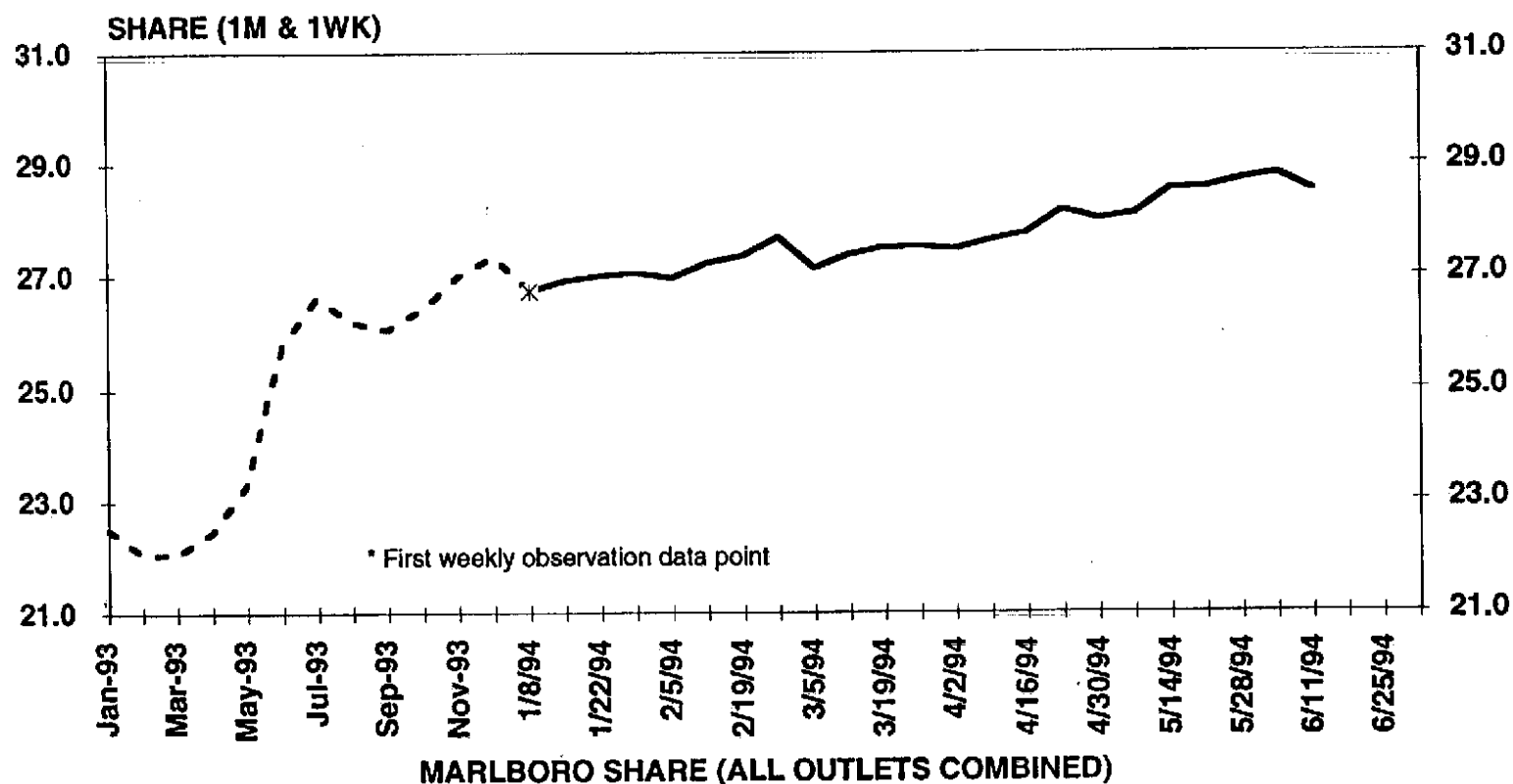


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Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 1

MARLBORO'S SHARE EXPERIENCED ITS FIRST WEEK-TO-WEEK DECLINE SINCE THE END OF APRIL, DOWN -0.3 POINTS TO 28.5%, WHILE THE FRANCHISE'S FOUR WEEK SHARE WAS UP +0.5 POINTS TO 28.6%.

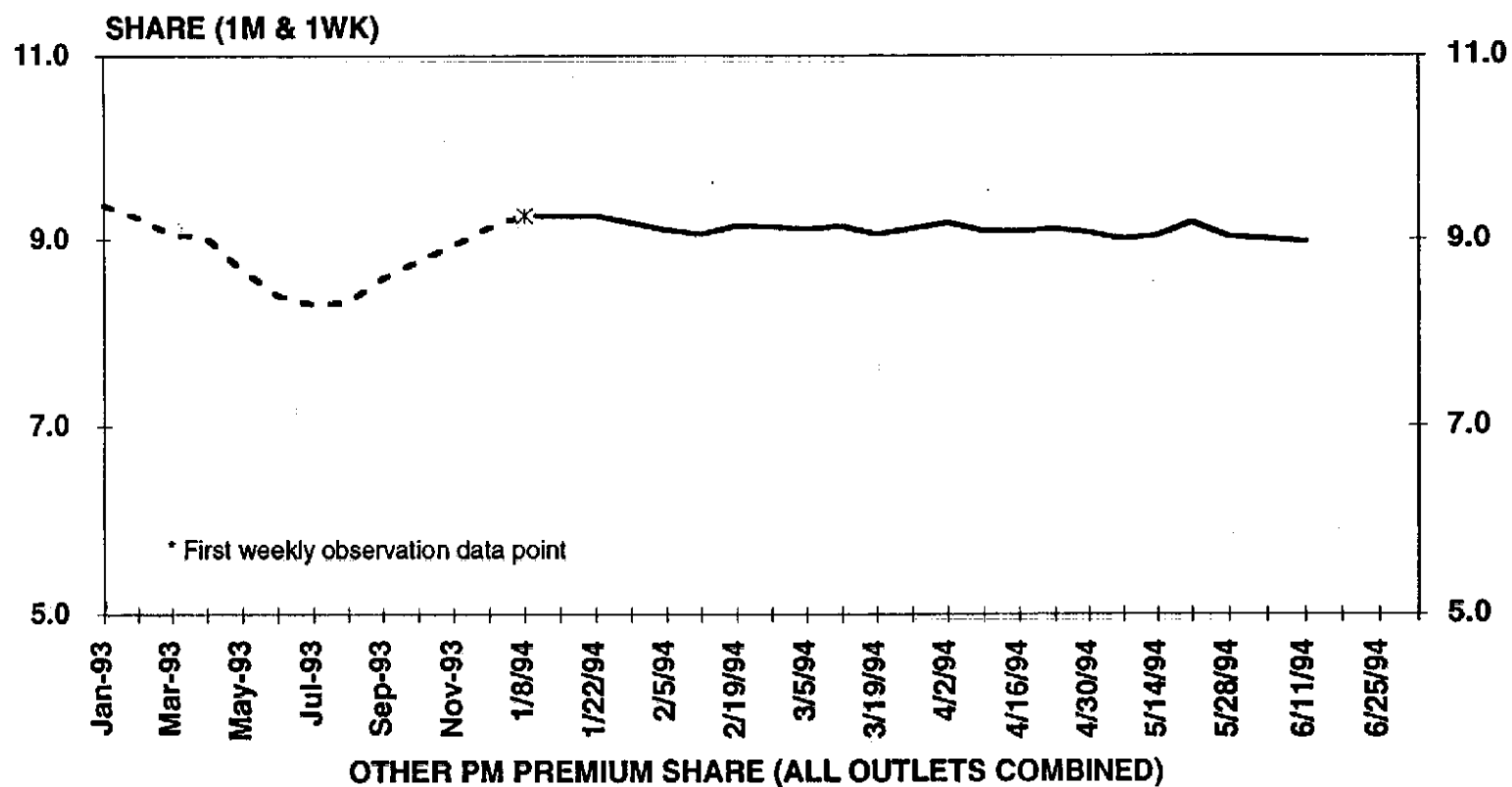


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Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 4

PM'S OTHER PREMIUM BRANDS' SHARE WAS STABLE ON A WEEKLY AND FOUR-WEEK BASIS.

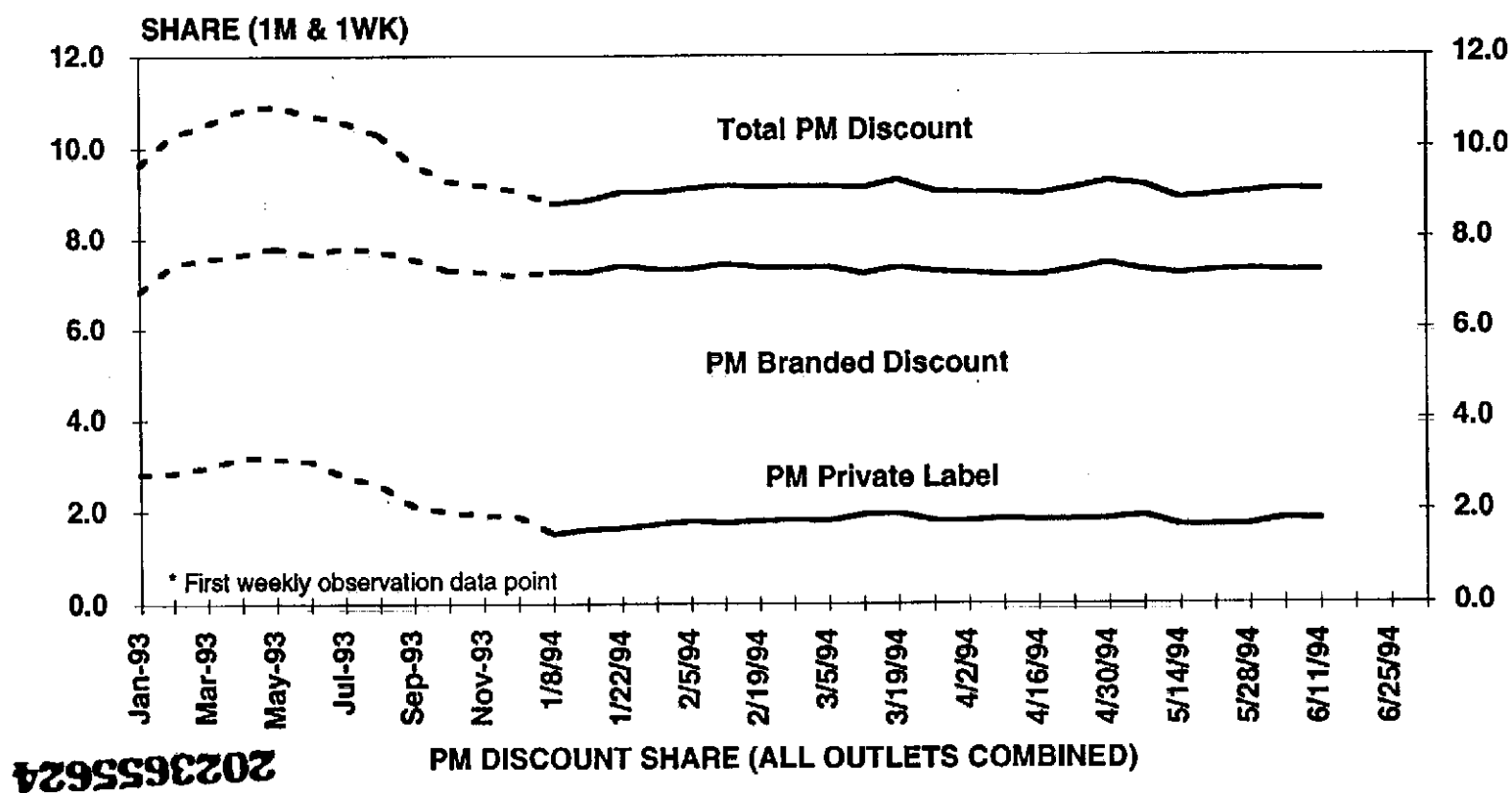


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Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 2

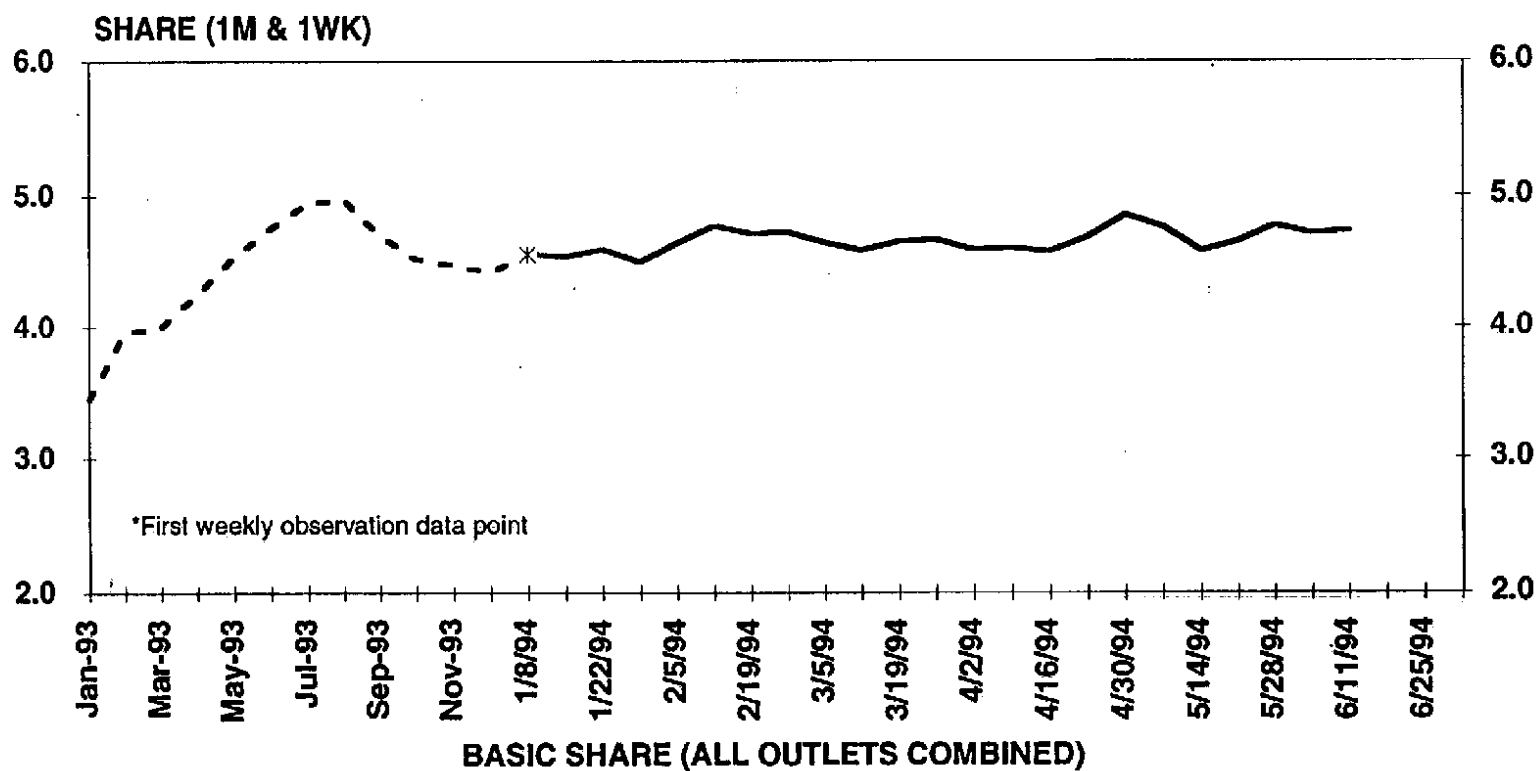
PM'S DISCOUNT SHARE WAS FAIRLY STABLE ON A WEEK-TO-WEEK AND FOUR WEEK BASIS.



Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 3

BASIC'S WEEKLY SHARE WAS STABLE ON A WEEKLY AND FOUR WEEK BASIS AT 4.7%.

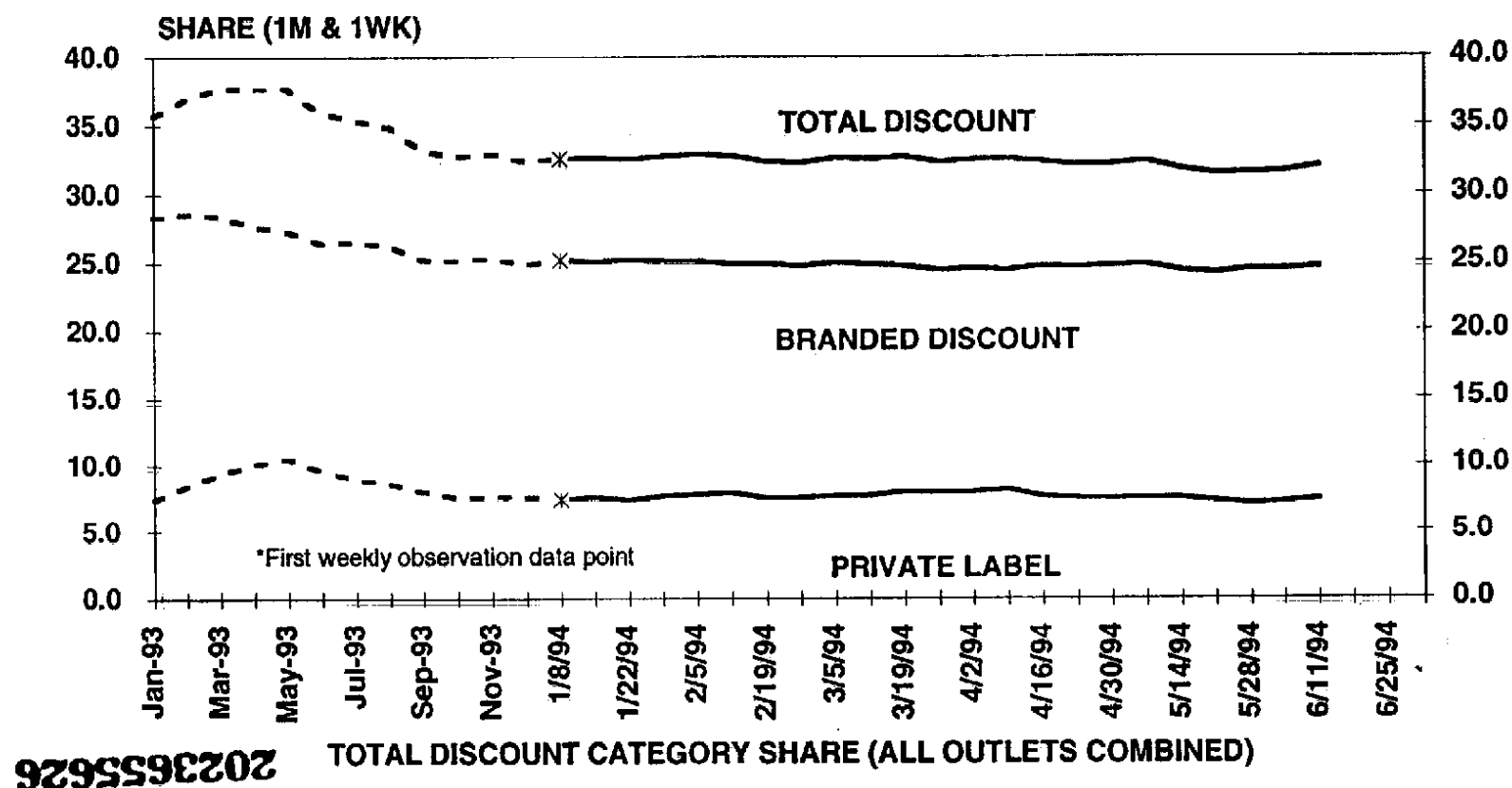


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Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 8

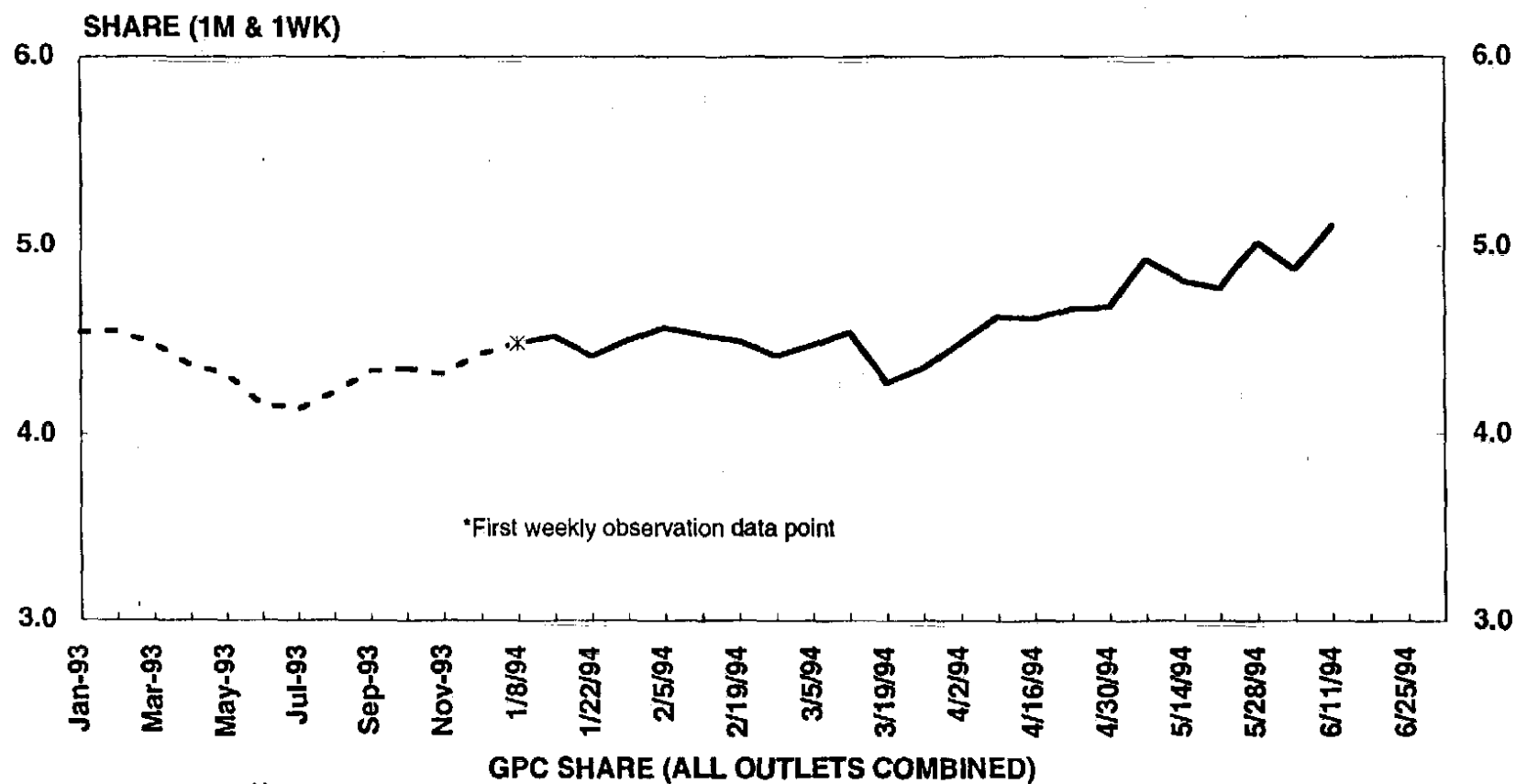
THE DISCOUNT CATEGORY'S WEEKLY SHARE INCREASED +0.4 POINTS TO 32.0%,
 PRIMARILY DRIVEN BY GPC (+0.3) AND RJR'S PL'S (+0.1).



Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 6

GPC'S WEEKLY SHARE GAINED +0.3 POINTS TO 5.1%, WHILE THE BRAND'S FOUR WEEK SHARE ADVANCED +0.2 POINTS TO 4.9% (MATCHING ITS HIGHEST LEVEL TO DATE).



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Source: Integrated Nielsen Panel

Nielsen Int weekly Chart 12

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NIELSEN
C-STORE

PM'S PERFORMANCE IN C-STORES WEEKLY C-STORE AUDITS W/E 6/11/94

- Performance benchmarks were favorable with the exception of Basic's share of Discount category and Marlboro's price gap versus lowest Discount.
- PM (48.8%) and Marlboro (31.8%) continued to expand on a four week basis, up +0.5 and +0.7 respectively.
 - Marlboro B4G1F's weekly share (1.6%) experienced its first decline (-0.2) since the beginning of MCS, coinciding with PM (48.5%) and Marlboro (31.6%) weekly share losses (-0.6 points each).
 - Other Premium (7.9%) has held while Discount (9.1%) declined slightly since February.
- RJR's four week share was down -0.4 points to 27.4% (its lowest level since April 1992), with RJR's PL's and Monarch losing.
- The Discount Category experienced its third consecutive weekly gain, up +0.4 points to 32.6%.
 - However, the category's four week share was off -0.8 points to 32.2%, with Monarch and the Private Label segment accounting for the majority of the loss.

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BENCHMARKS - TOTAL US
NIELSEN WEEKLY C-STORE AUDITS (800 STORES)

	<u>Benchmarks</u>	<u>4 Weeks Ending 11-Jun</u>	<u>Current vs. Benchmark</u>
Philip Morris	45.2 (lower limit)	48.8	3.6 Favorable
Marlboro	28.2 (lower limit)	31.8	3.6 Favorable
OPB	7.7 (lower limit)	7.9	0.2 Favorable
Virginia Slims	2.3 (lower limit)	2.3	0.0 Favorable
Benson & Hedges	2.2 (lower limit)	2.3	0.1 Favorable
Merit	2.6 (lower limit)	2.7	0.1 Favorable
Parliament	0.4 (lower limit)	0.5	0.1 Favorable
Basic - Shr. of Discount	16.3 (lower limit)	15.7	0.6 Unfavorable
Discount Category	+2.0 Pts. (upper limit)*	32.2	2.7 Favorable
Private Label	10.2 (upper limit)	8.4	1.8 Favorable
Lowest Disc. Price **	\$1.34 (lower limit)	\$1.34	\$0.00 Favorable
Absolute Price Gap ***	\$0.57 (upper limit)	\$0.59	\$0.02 Unfavorable

* Annualized category growth (upper limit) is +2.0 points. First 6 months of 1994 total Discount category cannot exceed 34.9%.

** Source: Nielsen Weekly Pricing Audits (linear average)

*** Marlboro versus lowest Discount.

0095590202

Weekly CS-800 bench

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
Base March 1993	43.22	33.88	11.01	4.76	5.74	1.37
June 11, 1994 (4WM)	<u>48.77</u>	<u>27.42</u>	<u>10.79</u>	<u>5.28</u>	<u>6.29</u>	<u>1.40</u>
	5.55	(6.46)	(0.22)	0.52	0.55	0.03

<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>
Base March 1993	60.26	39.73	28.11	11.63
June 11, 1994 (4WM)	<u>67.78</u>	<u>32.22</u>	<u>23.80</u>	<u>8.42</u>
	7.52	(7.51)	(4.31)	(3.21)

<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>
Base March 1993	24.43	7.70	5.16	0.51	4.27
June 11, 1994 (4WM)	<u>31.82</u>	<u>7.89</u>	<u>5.42</u>	<u>1.07</u>	<u>4.85</u>
	7.39	0.19	0.26	0.56	0.58

<u>MAJOR BRANDS</u>	<u>Newport</u>	<u>Kool</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>
Base March 1993	3.90	3.39	3.70	1.41	0.46
June 11, 1994 (4WM)	<u>4.48</u>	<u>3.17</u>	<u>3.38</u>	<u>1.16</u>	<u>0.38</u>
	0.58	(0.22)	(0.32)	(0.25)	(0.08)

<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>
Base March 1993	4.89	1.46	0.40	3.36	0.75	0.90	4.08	2.88	4.95
June 11, 1994 (4WM)	<u>5.05</u>	<u>1.28</u>	<u>0.29</u>	<u>3.81</u>	<u>0.90</u>	<u>1.32</u>	<u>2.46</u>	<u>0.64</u>	<u>5.62</u>
	0.16	(0.18)	(0.11)	0.45	0.15	0.42	(1.62)	(2.24)	0.67

<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>
Base March 1993	3.56	6.97	0.57	0.53
June 11, 1994 (4WM)	<u>2.09</u>	<u>4.54</u>	<u>0.98</u>	<u>0.82</u>
	(1.47)	(2.43)	0.41	0.29

1095590202

Source: Nielsen Integrated Panel.

Note: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

<u>COMPANY</u>	<u>PM</u>	<u>RJR</u>	<u>B&W</u>	<u>American</u>	<u>Lorillard</u>	<u>Liggett</u>
Base July 1993	47.59	31.33	9.95	4.62	5.36	1.09
June 11, 1994 (4WM)	<u>48.77</u>	<u>27.42</u>	<u>10.79</u>	<u>5.28</u>	<u>6.29</u>	<u>1.40</u>
	1.18	(3.91)	0.84	0.66	0.93	0.31

<u>CATEGORY</u>	<u>Premium</u>	<u>Discount</u>	<u>Branded Discount</u>	<u>Private Label</u>
Base July 1993	64.00	36.00	25.39	10.62
June 11, 1994 (4WM)	<u>67.78</u>	<u>32.22</u>	<u>23.80</u>	<u>8.42</u>
	3.78	(3.78)	(1.59)	(2.20)

<u>MAJOR BRANDS</u>	<u>Marlboro</u>	<u>PM OPB</u>	<u>Winston</u>	<u>Select</u>	<u>Camel</u>
Base July 1993	29.66	7.07	5.89	0.65	4.34
June 11, 1994 (4WM)	<u>31.82</u>	<u>7.89</u>	<u>5.42</u>	<u>1.07</u>	<u>4.85</u>
	2.16	0.82	(0.47)	0.42	0.51

<u>MAJOR BRANDS</u>	<u>Newport</u>	<u>Kool</u>	<u>Salem</u>	<u>Vantage</u>	<u>Now</u>
Base July 1993	3.74	3.13	3.33	1.20	0.41
June 11, 1994 (4WM)	<u>4.48</u>	<u>3.17</u>	<u>3.38</u>	<u>1.16</u>	<u>0.38</u>
	0.74	0.04	0.05	(0.04)	(0.03)

<u>BRANDED DISCOUNTS</u>	<u>Basic</u>	<u>Cambridge</u>	<u>Alpine</u>	<u>Doral</u>	<u>Misty</u>	<u>Montclair</u>	<u>Monarch</u>	<u>Best Value</u>	<u>GPC</u>
Base July 1993	5.59	1.38	0.34	3.50	0.77	0.84	3.34	1.64	4.44
June 11, 1994 (4WM)	<u>5.05</u>	<u>1.28</u>	<u>0.29</u>	<u>3.81</u>	<u>0.90</u>	<u>1.32</u>	<u>2.46</u>	<u>0.64</u>	<u>5.62</u>
	(0.54)	(0.10)	(0.05)	0.31	0.13	0.48	(0.88)	(1.00)	1.18

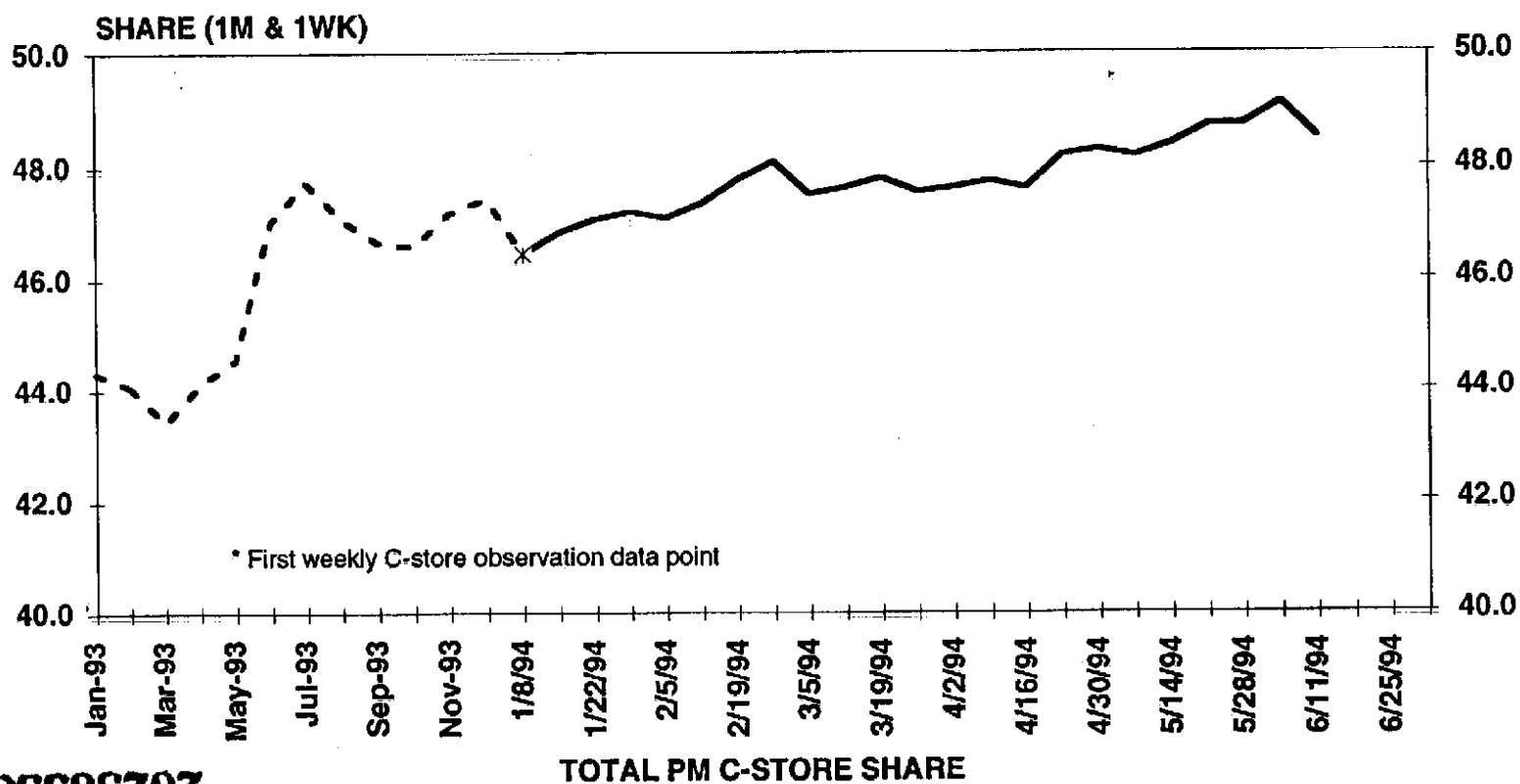
<u>PRIVATE LABEL</u>	<u>PM</u>	<u>RJR</u>	<u>Liggett</u>	<u>American</u>
Base July 1993	3.05	6.32	0.52	0.73
June 11, 1994 (4WM)	<u>2.09</u>	<u>4.54</u>	<u>0.98</u>	<u>0.82</u>
	(0.96)	(1.78)	0.46	0.09

2C9SS9C20Z

Source: Nielsen Integrated Panel.

Note: In the Integrated Nielsen Panel, Premium plus Discount does not equal Total due to the inclusion of miscellaneous promotional volume.

PM'S WEEKLY SHARE DECLINED -0.6 POINTS TO 48.5%, WHILE ITS FOUR WEEK SHARE ADVANCED +0.5 POINTS TO 48.8%.



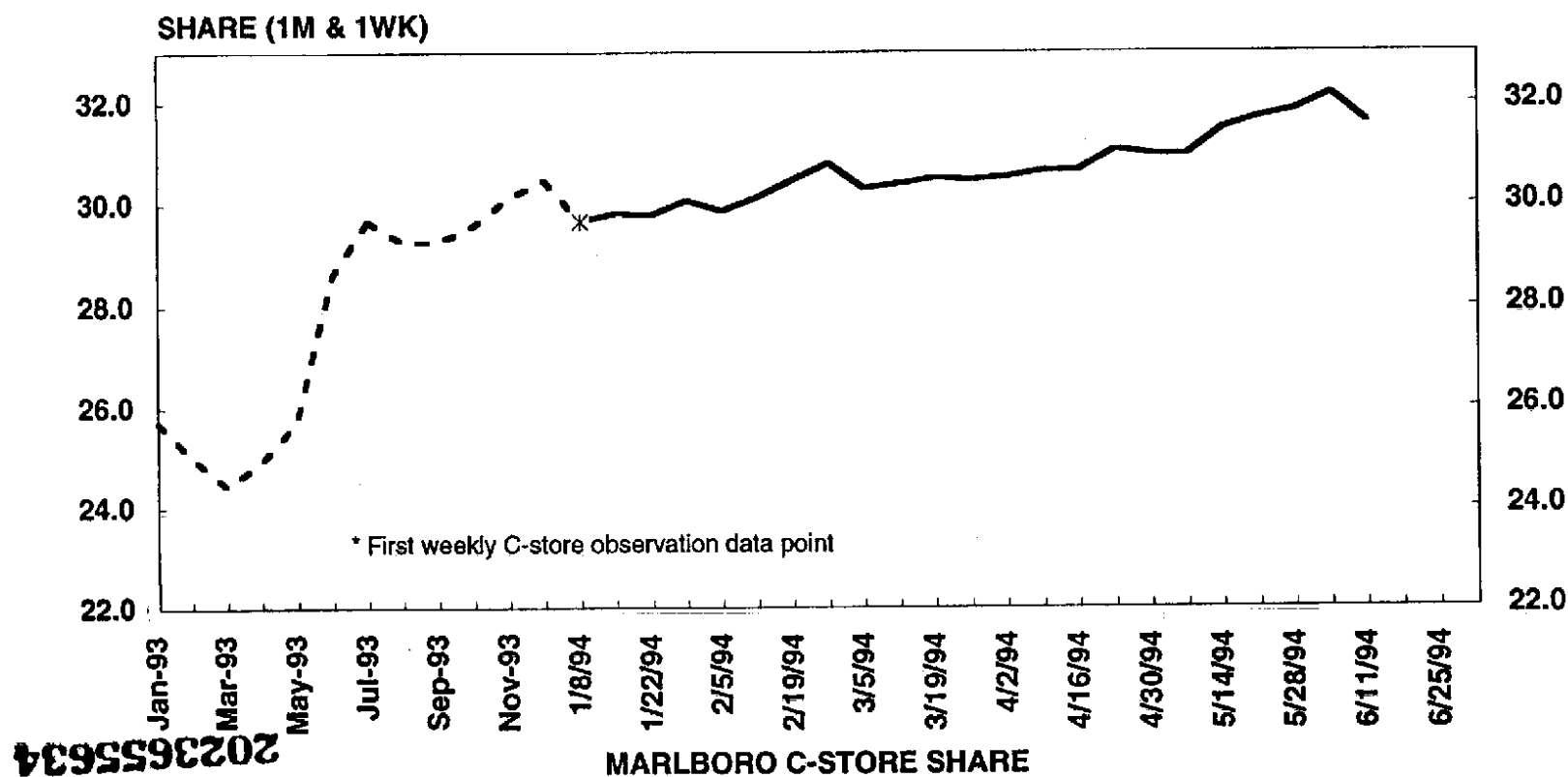
2023655633

Note: Monthly share data is based on the same 800 store sample as the weekly share information.

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 1

MARLBORO'S FIRST WEEK-TO-WEEK SHARE LOSS (-0.6 POINTS TO 31.6%) SINCE THE END OF APRIL COINCIDED WITH A -0.2 POINT B4G1F SHARE DECLINE. THE FRANCHISE'S FOUR WEEK SHARE WAS UP +0.7 POINTS TO 31.8%.

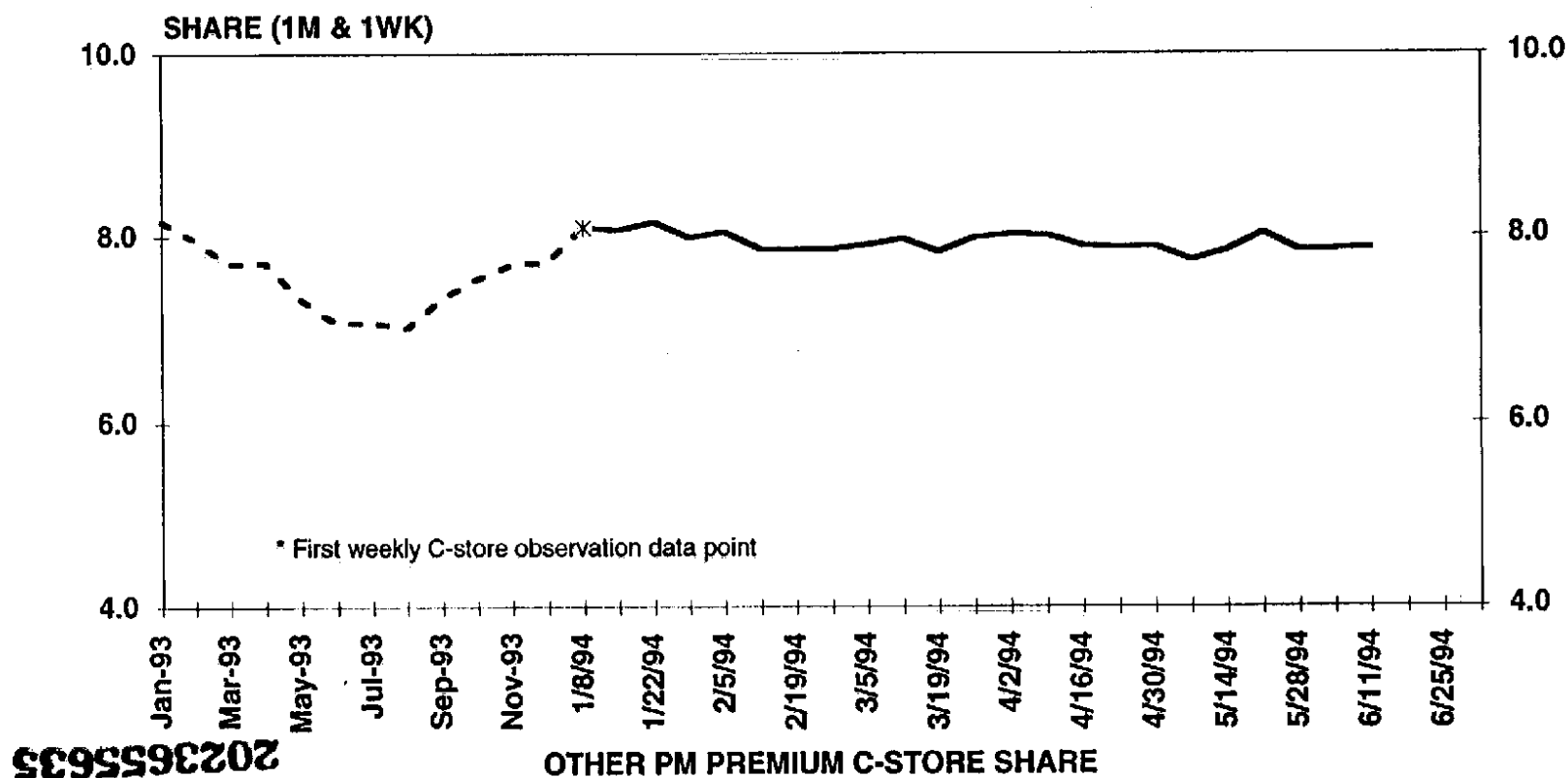


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 4

PM'S OTHER PREMIUM BRANDS' WEEKLY SHARE WAS STABLE AT 7.9%, WHILE ITS FOUR WEEK SHARE EXPERIENCED MODEST GAINS (+0.1).

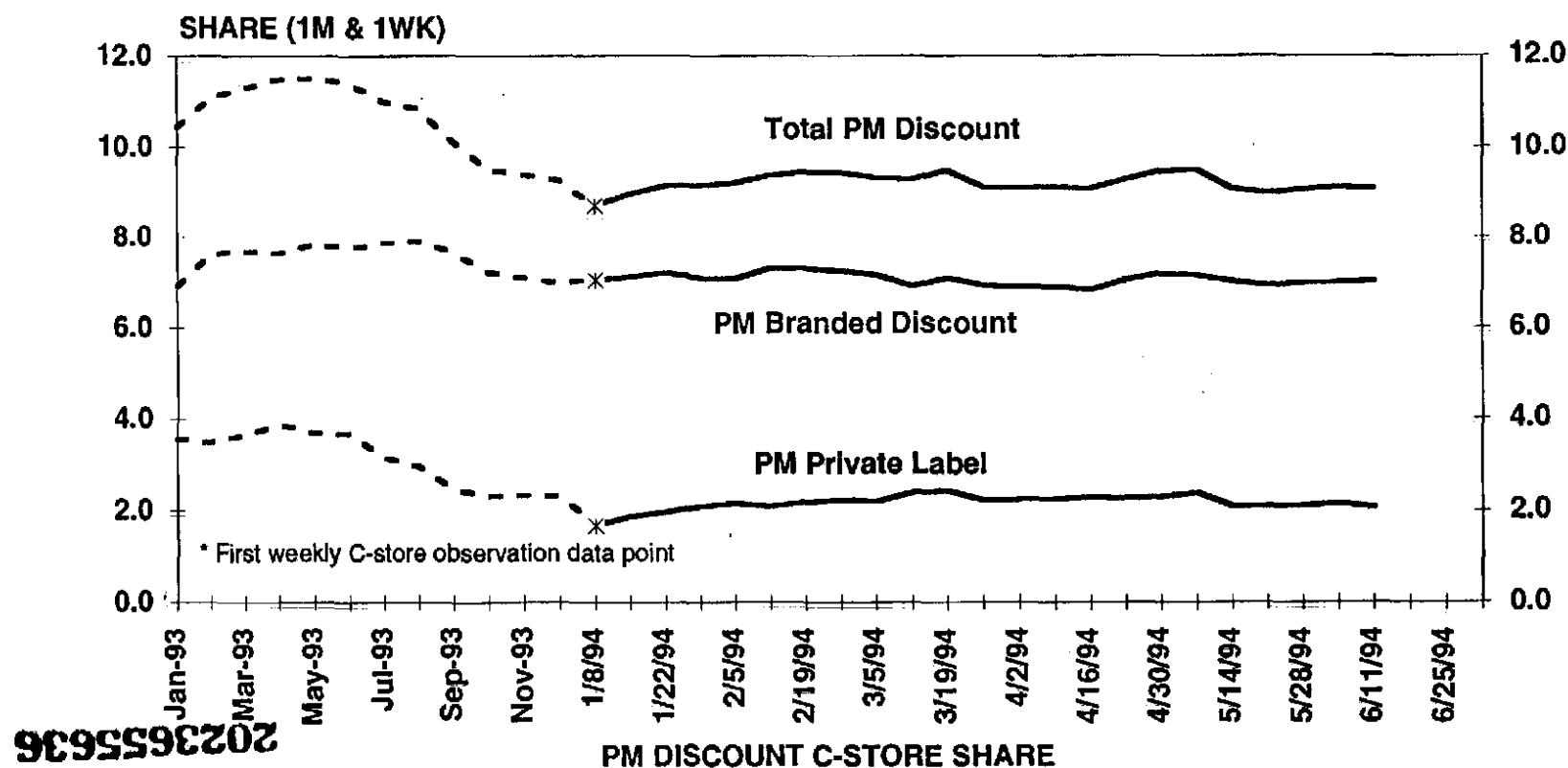


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 2

PM'S DISCOUNT BRANDS' WEEKLY SHARE WAS RELATIVELY STABLE WHILE ITS FOUR WEEK PERFORMANCE WAS OFF -0.3 POINTS, WITH PM'S PL'S AND BASIC ACCOUNTING FOR THE MAJORITY OF THE LOSS.

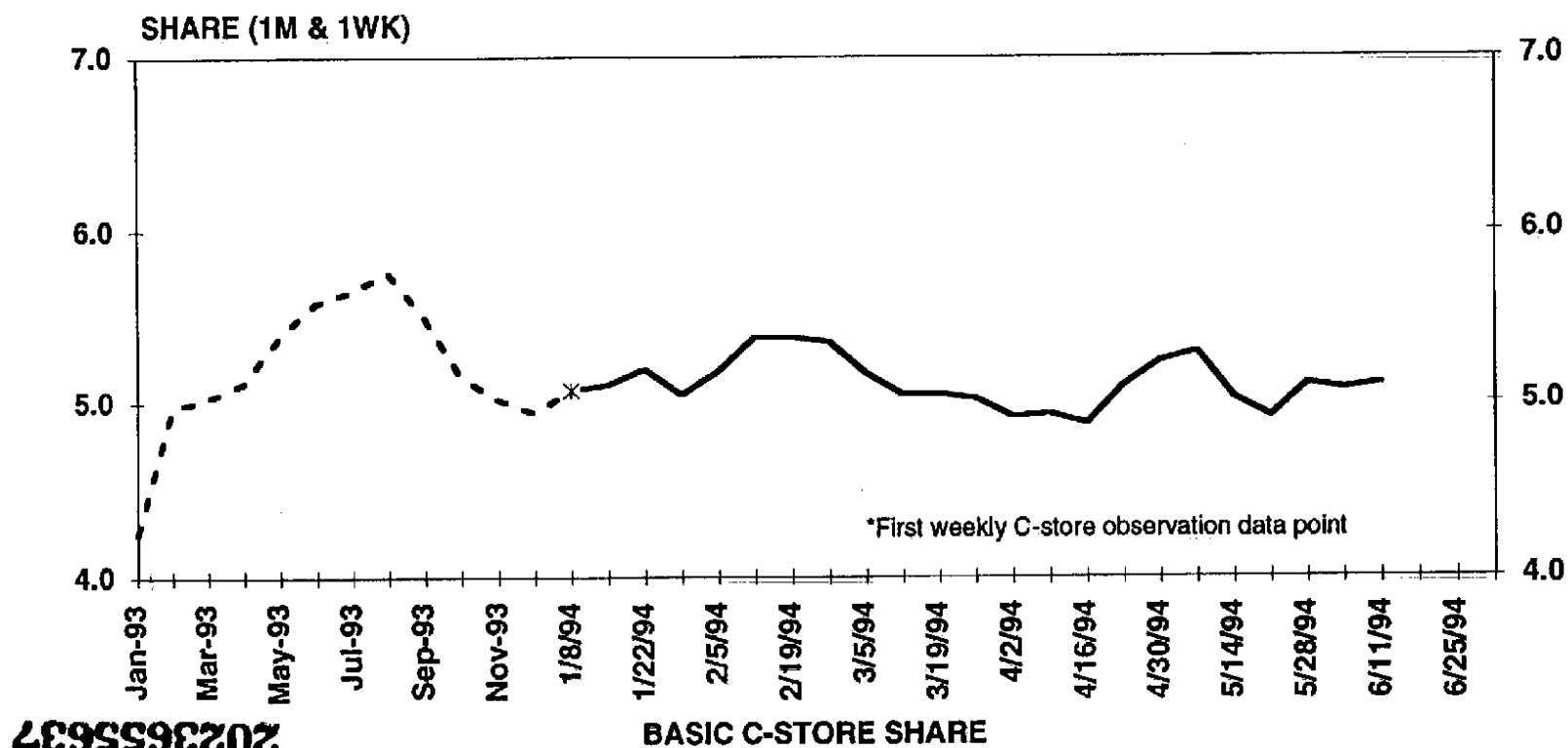


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 3

BASIC'S WEEKLY C-STORE SHARE WAS STABLE AT 5.1%, WHILE ITS FOUR WEEK SHARE WAS DOWN -0.1 POINTS.

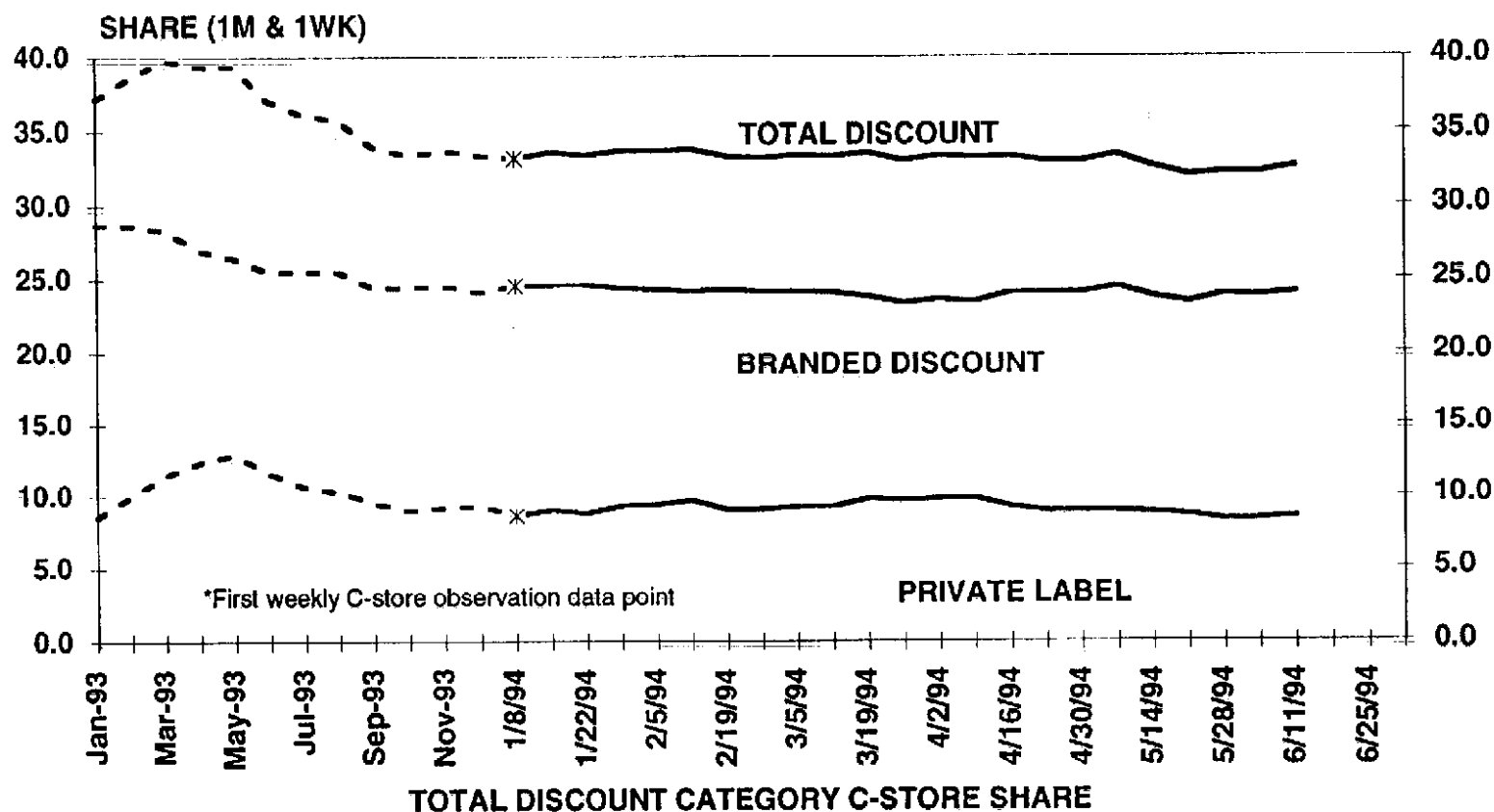


Note: Monthly share data is based on the same 800 store sample as the weekly share information.

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 8

THE DISCOUNT CATEGORY'S WEEKLY SHARE GAINED +0.4 POINTS TO 32.6%, WHILE ITS FOUR WEEK PERFORMANCE WAS OFF -0.8 POINTS WITH PRIVATE LABELS AND MONARCH ACCOUNTING FOR THE MAJORITY OF THE DECLINE.



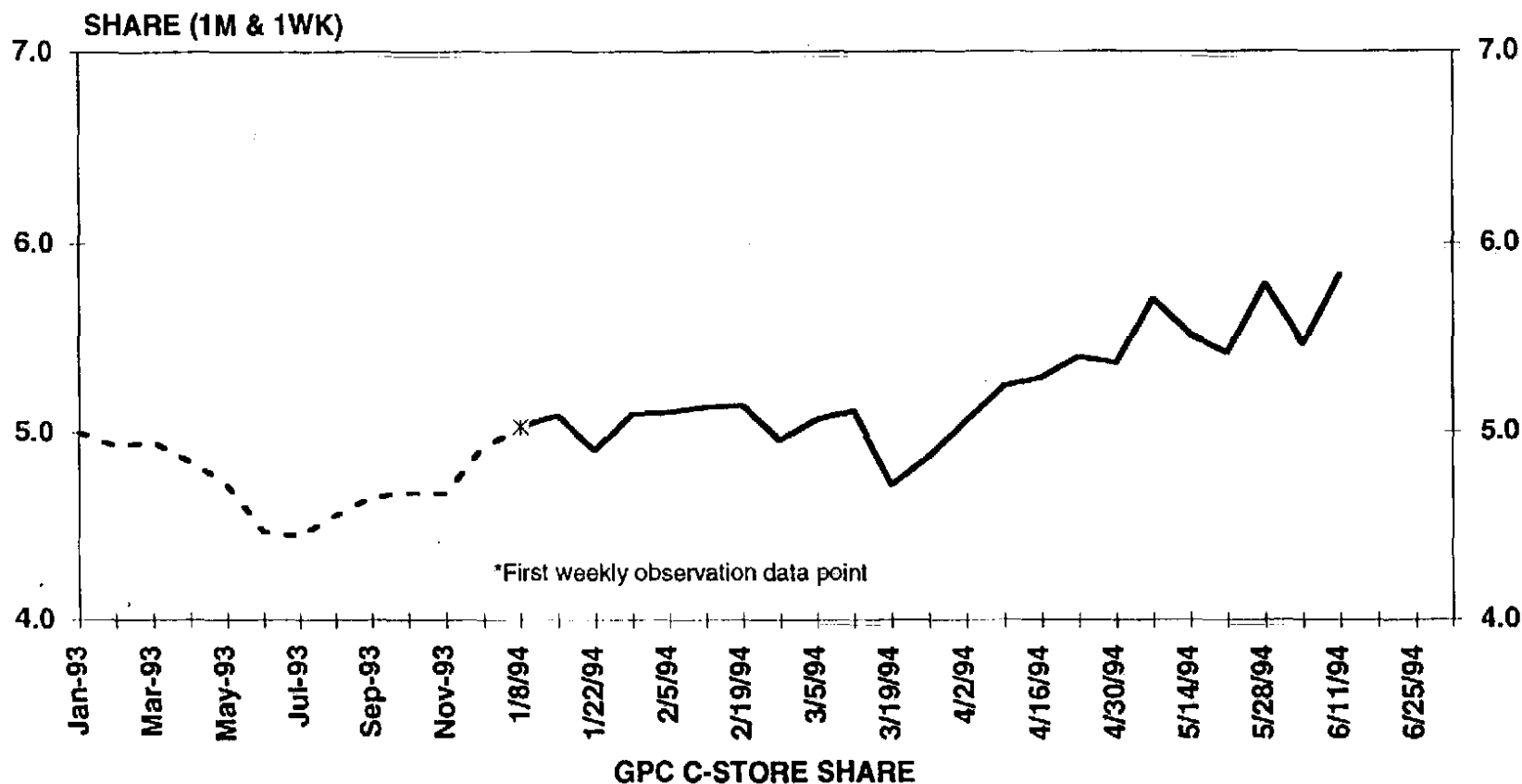
Note: Monthly share data is based on the same 800 store sample as the weekly share information.

8C9SS9C20Z

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 6

GPC'S WEEKLY SHARE INCREASED +0.4 POINTS TO 5.8%, WHILE ITS FOUR WEEK SHARE WAS UP +0.1 POINTS TO 5.6% (MATCHING ITS RECORD LEVEL TO DATE).



669559E20Z

Source: Integrated Nielsen Panel

Nielsen Cstore weekly 800 Chart 13

FREE PRODUCT SHARE DECLINED -0.4 POINTS TO 2.3%, WITH LOSSES BY CAMEL, MONARCH AND PM PREMIUM PARTIALLY OFFSET BY DORAL'S GAIN.

	<u>3/19</u>	<u>3/26</u>	<u>4/2</u>	<u>4/9</u>	<u>4/16</u>	<u>4/23</u>	<u>4/30</u>	<u>5/7</u>	<u>5/14</u>	<u>5/21</u>	<u>5/28</u>	<u>6/4</u>	<u>6/11</u>
Total Industry	1.19	0.96	1.32	1.12	1.07	1.30	1.27	1.56	1.56	2.18	2.68	2.75	2.34
Total RJR	0.76	0.65	1.03	0.74	0.62	0.71	0.57	0.60	0.45	0.48	0.40	0.55	0.36
Total Winston	0.17	0.10	0.06	0.05	0.07	0.05	0.05	0.03	0.03	0.01	0.03	0.02	0.01
Total Camel	0.22	0.23	0.47	0.45	0.41	0.36	0.28	0.29	0.31	0.27	0.25	0.20	0.13
Total Doral	0.35	0.28	0.47	0.22	0.13	0.29	0.24	0.26	0.10	0.10	0.03	0.04	0.11
Monarch	0.02	0.03	0.03	0.02	0.01	0.01	0.00	0.03	0.01	0.09	0.09	0.28	0.11
Total PM	0.29	0.21	0.23	0.28	0.36	0.49	0.53	0.80	0.96	1.53	2.02	2.07	1.88
PM Premium	0.02	0.01	0.01	0.01	0.04	0.04	0.02	0.21	0.59	1.17	1.76	1.84	1.70
PM Discount	0.28	0.20	0.22	0.27	0.32	0.45	0.51	0.59	0.37	0.36	0.27	0.23	0.18
Total Lorillard	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total B&W	0.07	0.08	0.05	0.07	0.06	0.07	0.10	0.12	0.10	0.11	0.18	0.08	0.07
Total American	0.06	0.03	0.01	0.02	0.03	0.03	0.07	0.04	0.04	0.06	0.08	0.05	0.04

2023655640

SOURCE: NEILSEN WEEKLY C-STORE AUDIT (400 STORES)

Free Prod Chart

2023655641
SMOKER SHARE

1

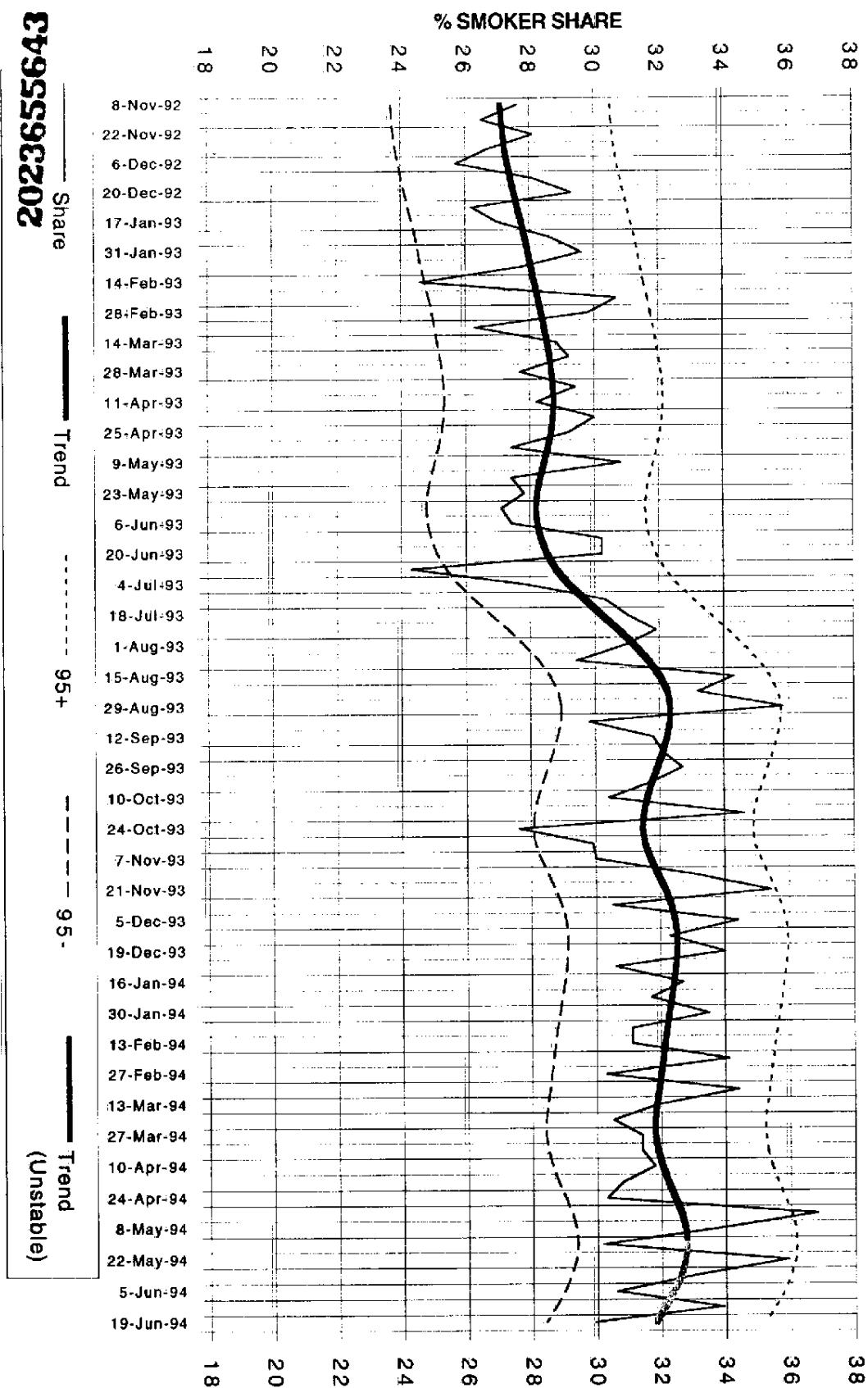
12

MARLBORO SMOKER SHARE

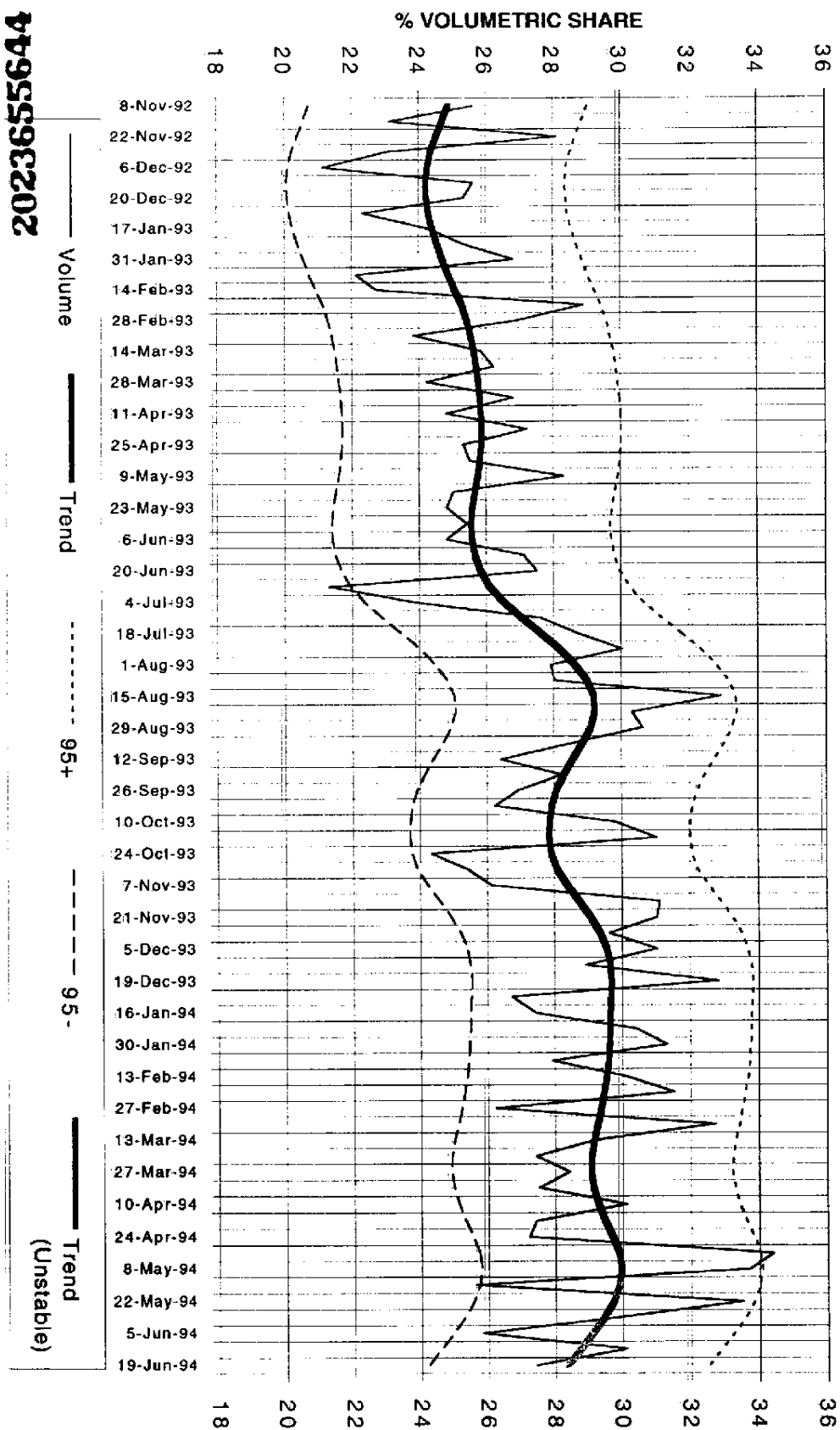
- Marlboro's smoker and volumetric long term share trends remain consistent with record Nielsen and shipment performance.
 - Among total franchise and young adult smokers.
- The number of smokers buying exclusively Marlboro has increased since MLP, indicating stronger loyalty.

2023655642

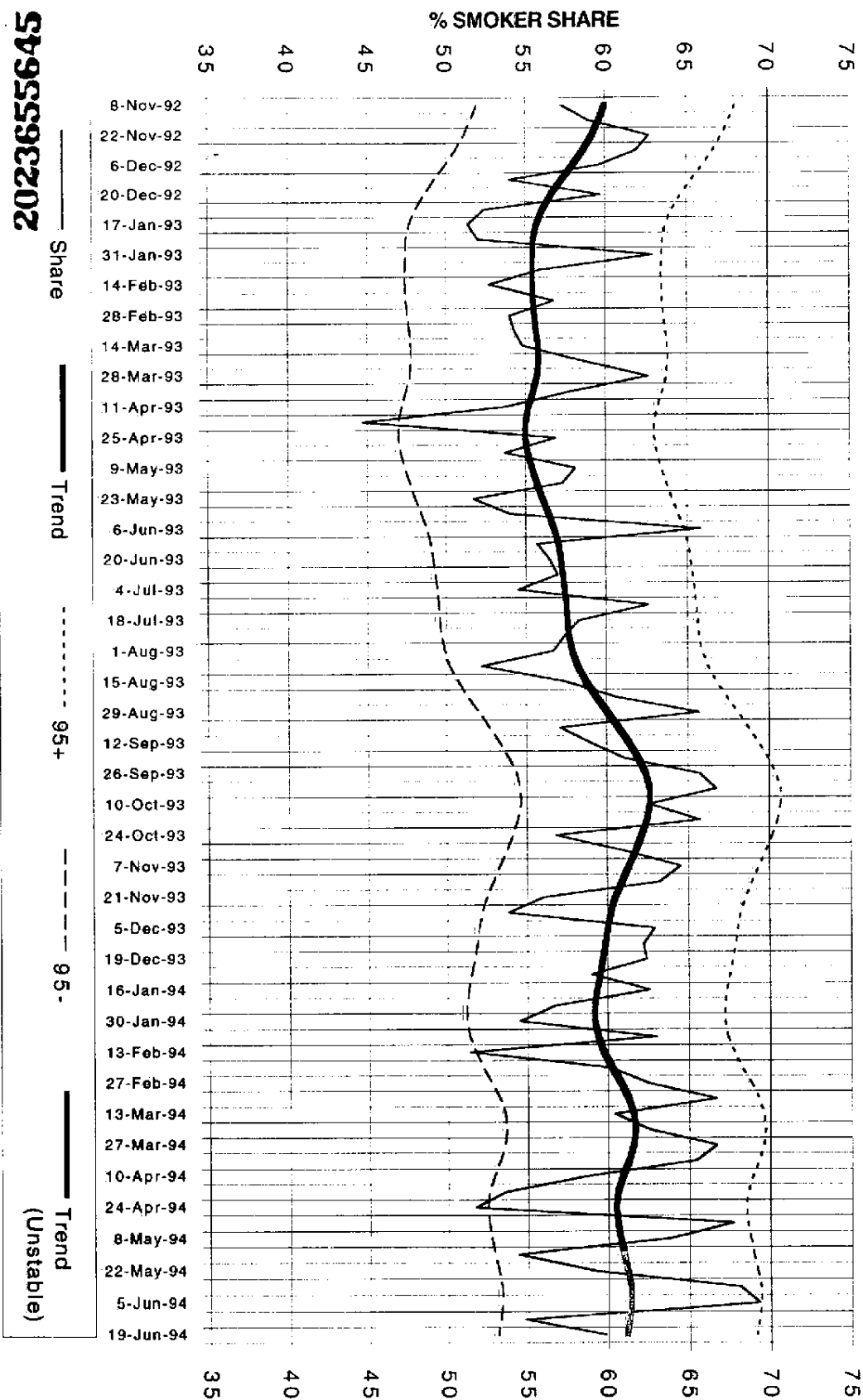
MARLBORO SMOKER SHARE (AMONG TOTAL SMOKERS)



MARLBORO VOLUMETRIC SHARE (AMONG TOTAL SMOKERS)



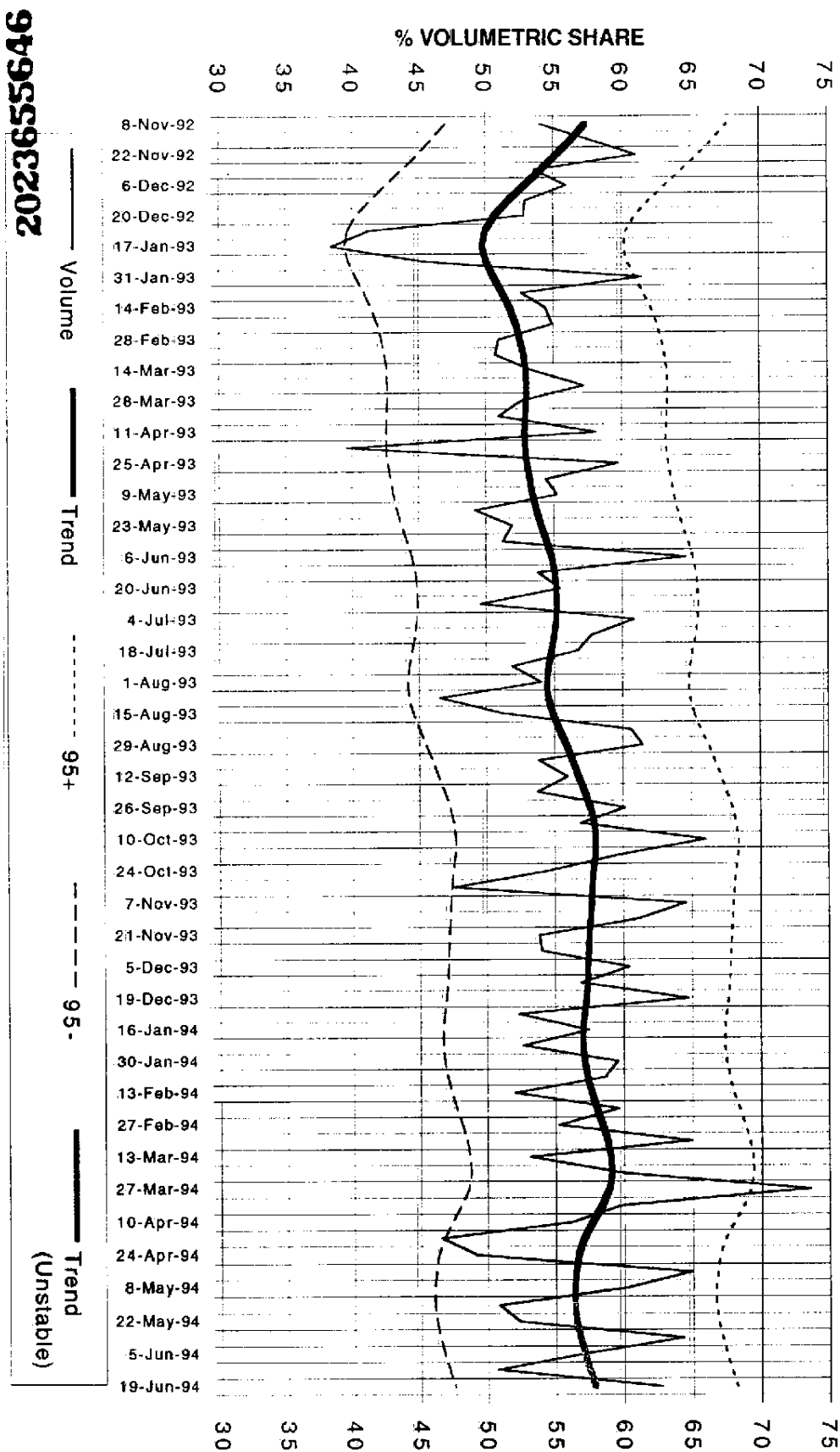
MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)



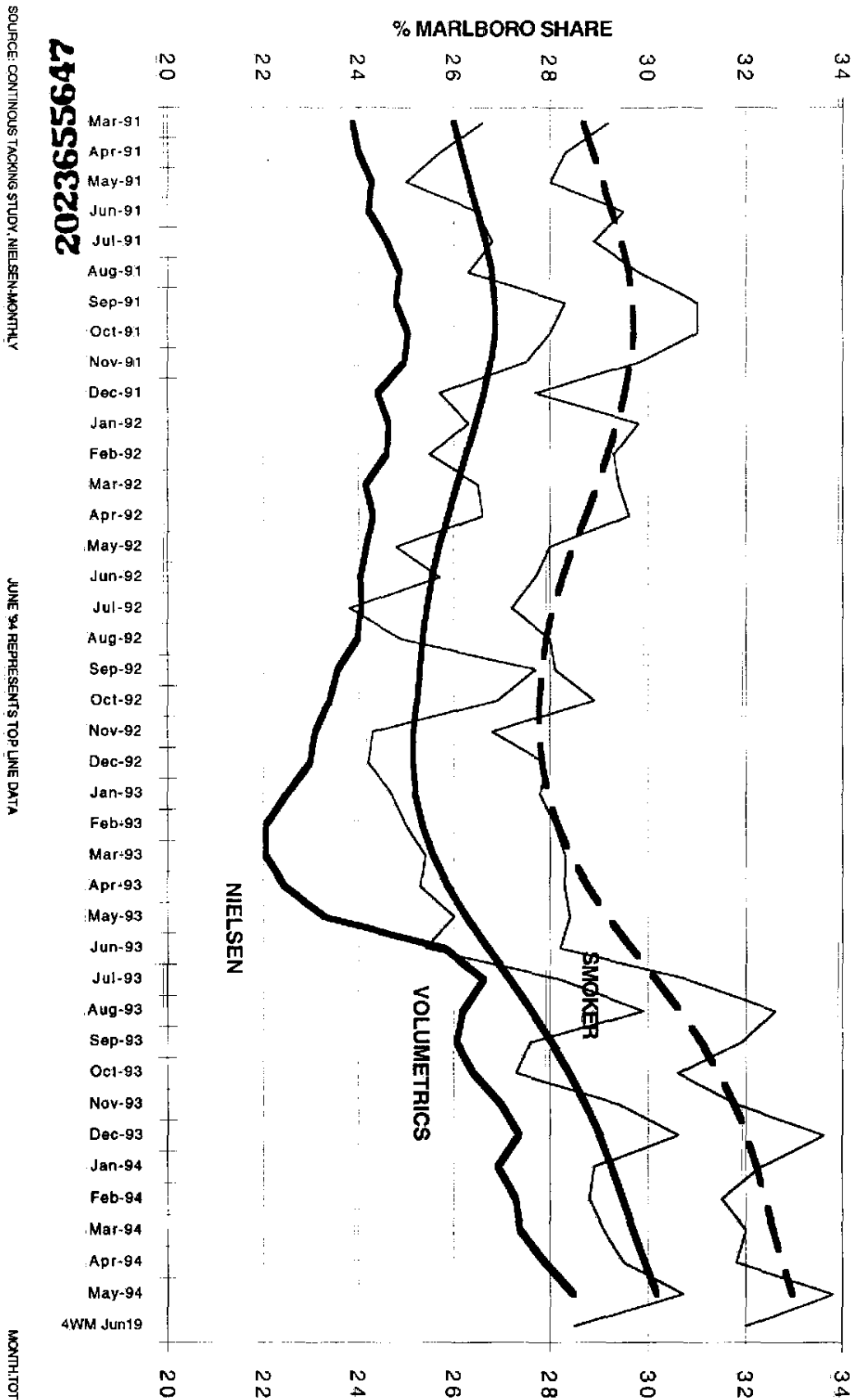
SOURCE: SMOKER TRACKING STUDY-WEEKLY

JUNE '94 REPRESENTS TOP LINE DATA

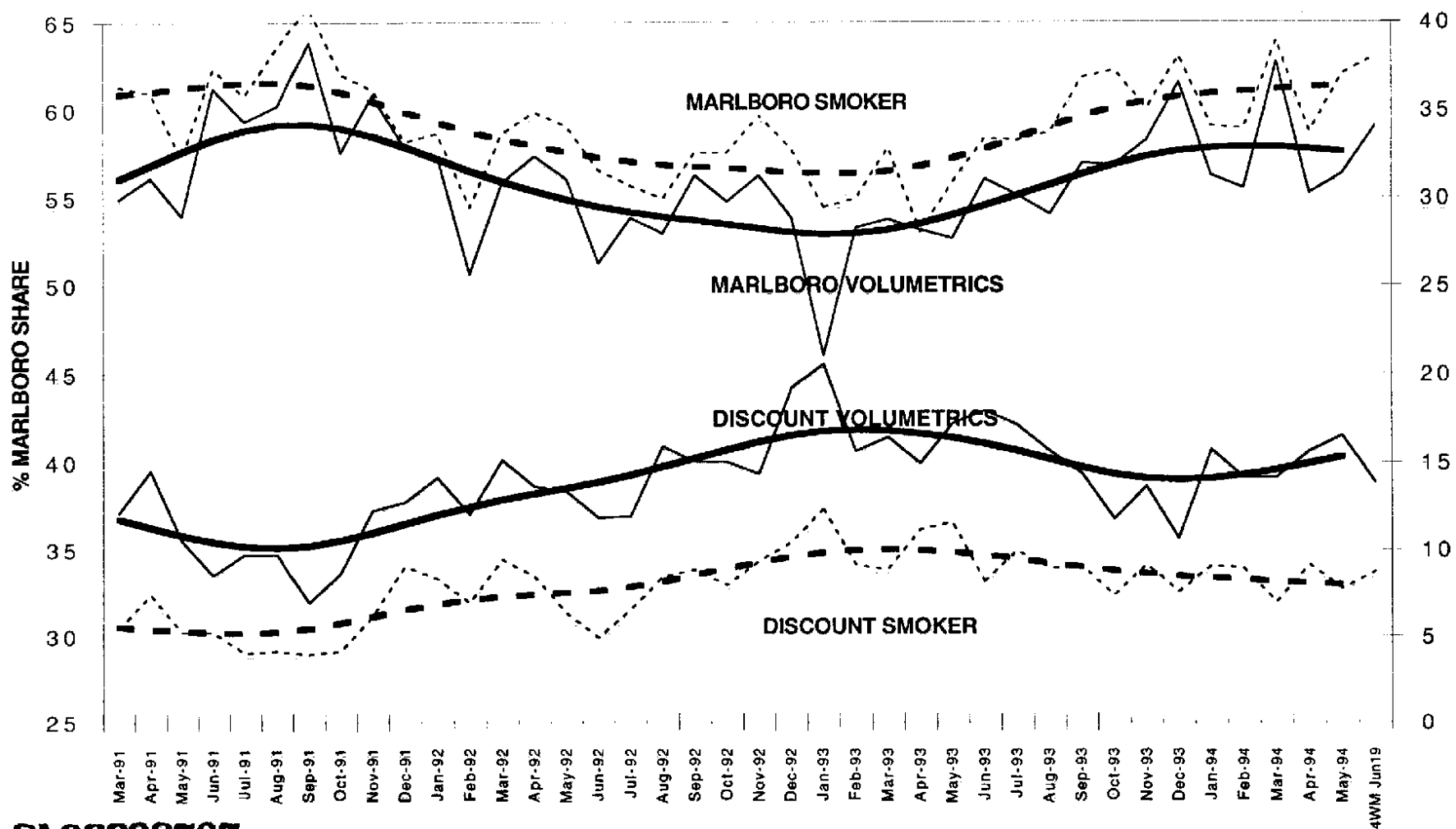
MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)



MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG TOTAL SMOKERS) CONTINUE TO INCREASE.



MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG 18-24 SMOKERS) ARE STABLE.



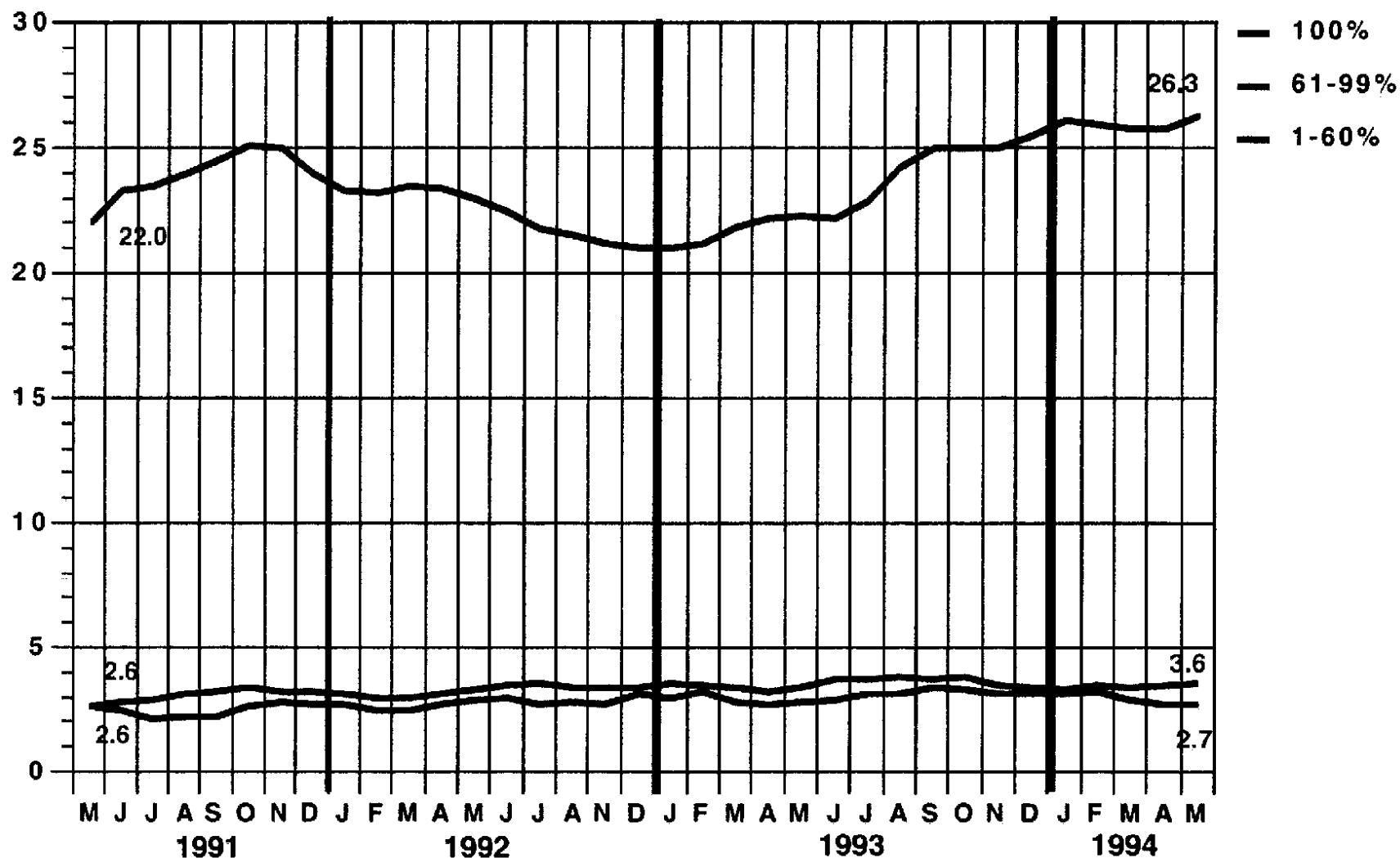
2023655648

SOURCE: CONTINUOUS SMOKER TRACKING STUDY-1MM

JUNE '94 REPRESENTS TOP LINE DATA

MONTHAGE

The percentage of all smokers buying exclusively Marlboro has increased 5.3 points since early 1993.



2023655649

SOURCE: Smoker Tracking Study - 3MM May 1994

MARLBORO LOYALTY TREND

MICHIGAN

2023655650

MICHIGAN SUMMARY

6/11/94

- Retail volume declined less than expected six weeks after the SET. Net of pantry loading:
 - Industry retail volume has declined -9%, versus an expected loss of -11 to -13%.
 - PM's decline (-8%) is comparable to the industry.
 - Marlboro's net volume loss (-6%) is comparatively better than that experienced by Premium as a whole (-10%).
- Industry premium/discount mix has remained relatively stable.
 - With the exception of Marlboro's increase of 1.2 points (22.5% share), there have been no significant shifts in major brand shares.
 - PM share increased one point to 51.3%, primarily due to Marlboro.
 - RJR share declined -1.1 points to 25.7%.
- Volume shifts indicate some movement towards C-Stores from supermarkets and other outlets.
 - C-Stores represent 69% of retail volume, +5 points versus the base period.
- Retail prices and gaps remained fairly stable since the SET increase.
- No major shifts in consumer post-tax increase behavior has been noted.

2023655651

Michigan State Excise Tax - Month 1 Overview

Changes in Sales Activity

Michigan SET Issues	Expectations	Preliminary Indications *
Volume	• About -11% or -13%	• Decline -9%
Premium vs Discount Mix	• Shift Towards Discount Brands	• Limited
Pricing	• Full Pass Through + a 25% Margin	• Full pass through, w/o increased margin
Outlet Shifting	• More C-Store	• More Non-Traditional
Pack Contribution	• Increased Pack Sales	• Pending
Competitive Response	• Aggressive Promotion	• Limited Promotion
Border Activity	• Increased Out-of-State Purchasing	• Pending

* As of 6/11/94.

Philip Morris USA

Michigan

PM share stable at 51%, largely due to Marlboro's share gains (+1 to 22.5).

STATE OF MICHIGAN SHARE FOR W/E 6/11/94

	TOTAL OUTLETS			C-STORES			SUPERMARKETS		
	Base	Cummulative	Change	Base	Cummulative	Change	Base	Cummulative	Change
Tot Industry	100%	100%	0.0	100%	100%	0.0	100%	100%	0.0
Premium	61.5	61.3	-0.2	63.0	61.5	-1.5	61.6	59.5	-2.1
Discount	38.4	38.7	0.2	37.0	38.5	1.5	38.4	40.6	2.1
Philip Morris	50.3	51.3	1.0	51.2	52.6	1.4	47.1	48.3	1.2
Premium	29.5	30.3	0.8	32.2	32.5	0.3	25.7	26.3	0.6
Discount	20.8	21.1	0.2	19.0	20.1	1.1	21.3	21.9	0.6
R.J.Reynolds	26.8	25.7	-1.1	27.6	26.3	-1.3	29.9	29.2	-0.6
B&W	8.0	8.2	0.2	8.4	8.0	-0.4	6.7	7.0	0.4
Lorillard	7.2	7.2	0.0	7.9	7.9	-0.1	6.4	5.9	-0.5
Liggett Group	1.4	1.8	0.4	0.6	1.1	0.5	2.2	2.1	-0.1
American Brands	6.3	5.8	-0.5	4.2	3.9	-0.3	7.8	7.3	-0.4
Tot Marlboro	21.3	22.5	1.2	24.4	25.1	0.7	16.7	17.2	0.5
Tot Basic	15.0	15.6	0.6	12.6	13.8	1.2	16.9	18.5	1.6
Tot OPB	7.9	7.8	0.0	7.5	7.4	-0.1	9.1	9.2	0.1
Competitive	49.7	48.6	-1.0	48.8	47.4	-1.4	53.0	51.7	-1.2
Premium	32.1	31.0	-1.0	30.8	29.0	-1.8	35.8	33.1	-2.7
Discount	17.6	17.6	0.0	18.0	18.4	0.4	17.2	18.6	1.5

2023655653

Philip Morris USA

Michigan

Retail volume in supermarkets (-18%) seems more vulnerable than C-Stores (-7%), indicating volume shifting from carton outlets to convenience outlets in state.

	Two Weeks Prior to SET % Change vs Base	Six Weeks Following SET % Change vs Base	Impact Net of Pantry Loading % Change vs Base
Total Industry	11 %	-16 %	-9 %
C-Stores	3 %	-10 %	-7 %
Supermarkets	12 %	-29 %	-18 %
Total Premium	11 %	-17 %	-10 %
Total Discount	11 %	-16 %	-9 %
Philip Morris	10 %	-15 %	-8 %
R.J. Reynolds	12 %	-20 %	-12 %
B&W	9 %	-14 %	-9 %
Lorillard	11 %	-16 %	-10 %
American	15 %	-22 %	-13 %
Liggett *	27 %	6 %	11 %
2023655654			

* Statistically not significant

Philip Morris USA

Michigan

Marlboro (-6%) was more favorable than competitive premium brands (-12%).

	Two Weeks Prior to SET <u>% Change vs Base</u>	Six Weeks Following SET <u>% Change vs Base</u>	Impact Net of Pantry Loading <u>% Change vs Base</u>
PM Premium	12 %	-14 %	-8 %
Marlboro	9 %	-12 %	-6 %
OPB	22 %	-17 %	-7 %
PM Discount	8 %	-15 %	-10 %
Basic	8 %	-13 %	-8 %
Competitive			
Premium	11 %	-19 %	-12 %
Discount	15 %	-16 %	-8 %

Source: Nielsen Integrated Database (MI)

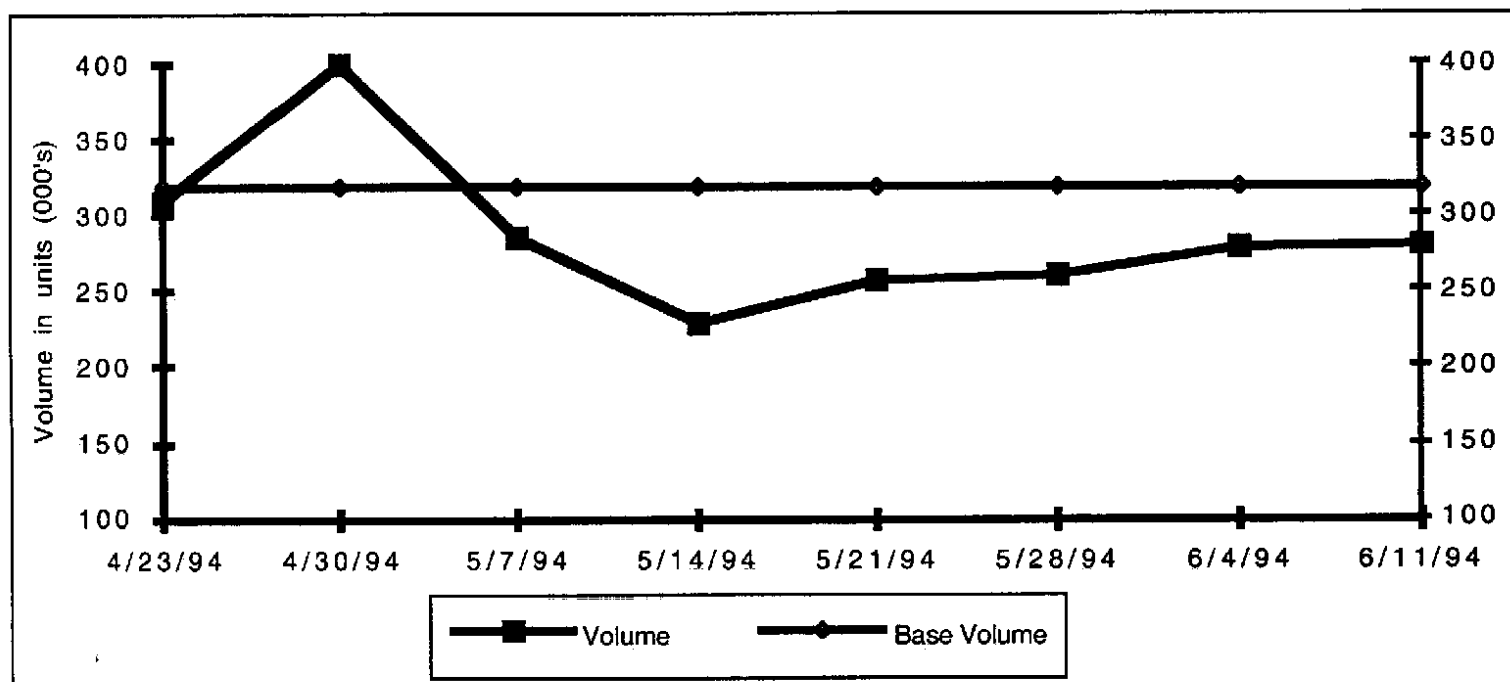
Base Period: W/E 3/5/94 - 3/26/94 ; Total Industry Includes All Outlets.

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Philip Morris USA

Michigan

Retail Volume: As of 6/11/94, retail volume is continuing to recover.

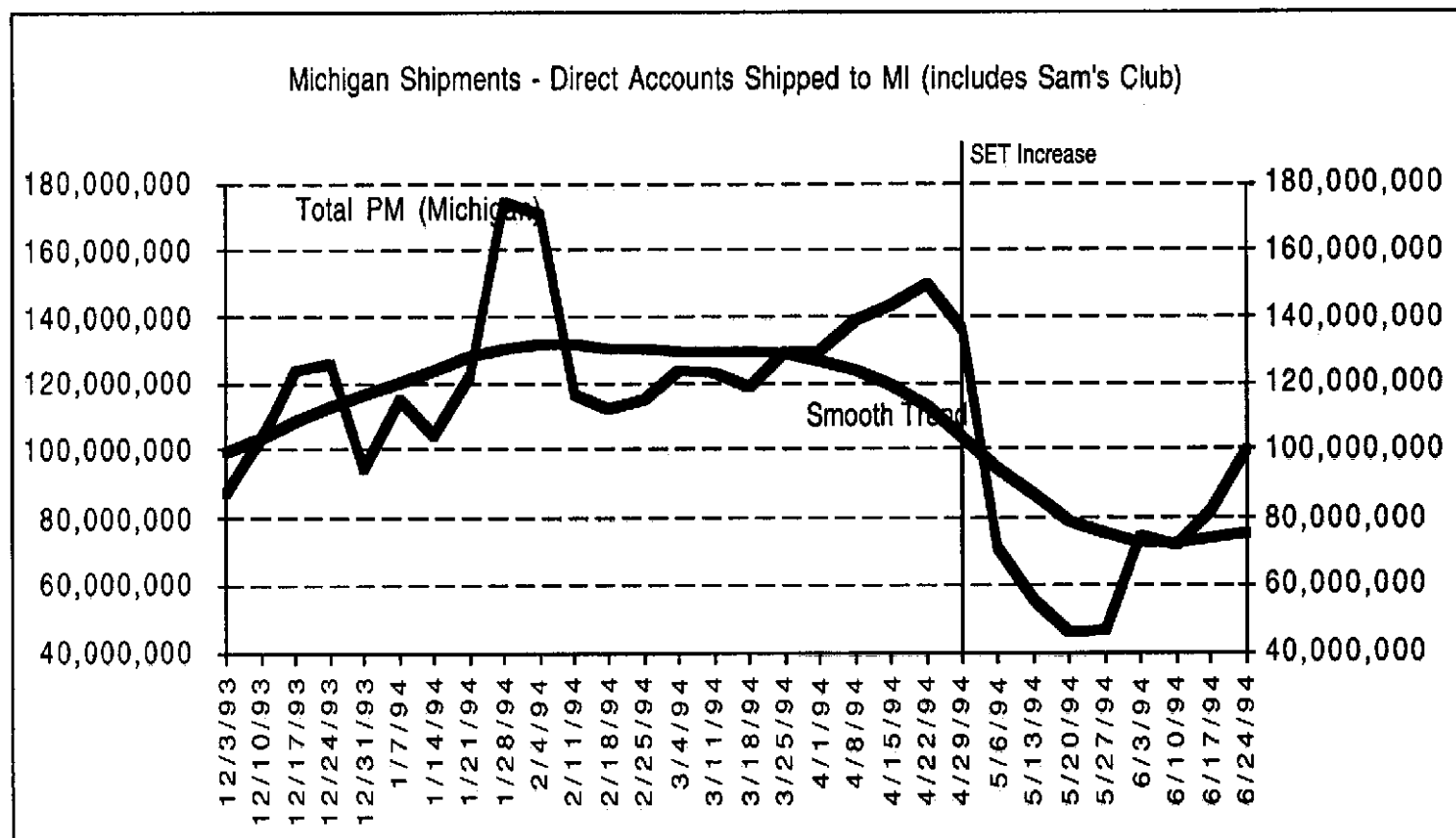


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Philip Morris USA

Michigan

Shipments: PM shipments are +19 million higher than week ago, only -11% below the going rate



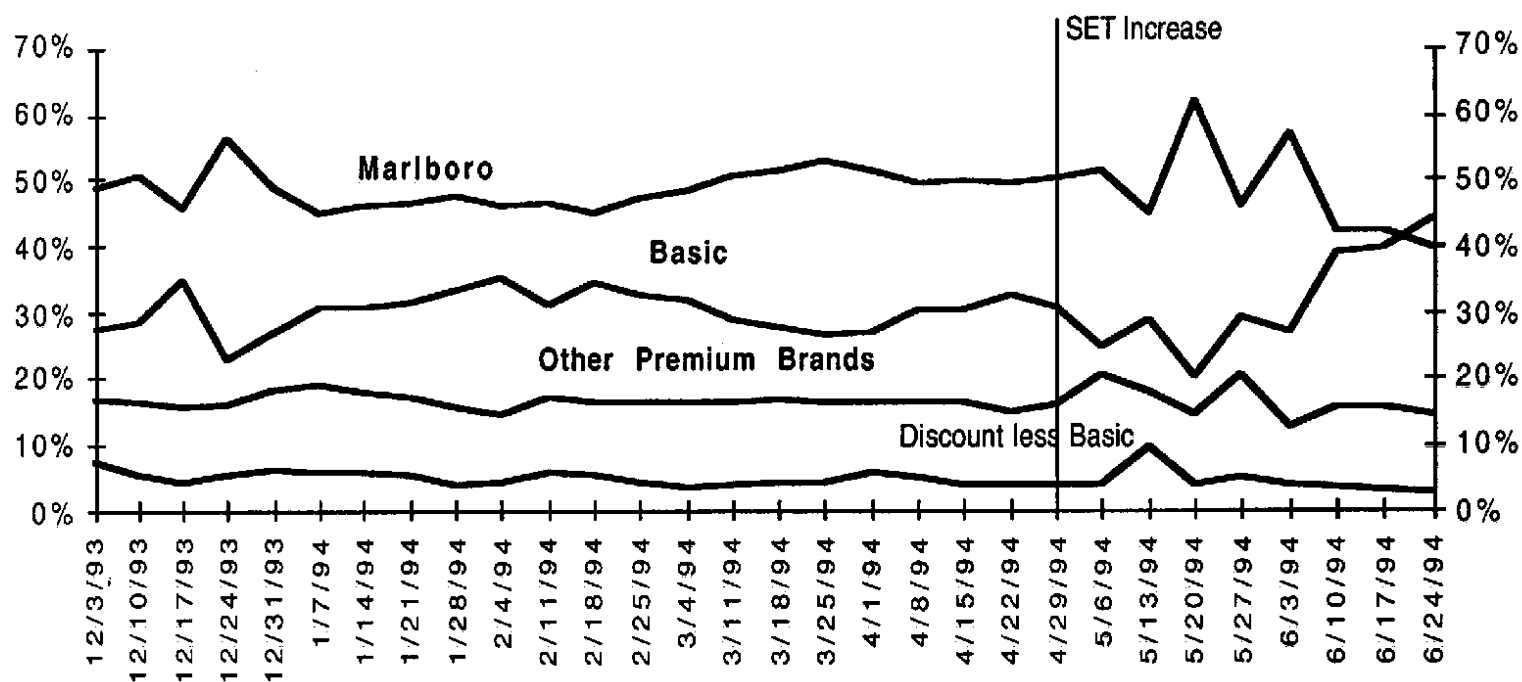
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Philip Morris USA

Michigan

As of 6/24/94, Basic share increased to 44% of total PM shipments in Michigan, attributable to a B3G2F national promotion.

Share Trend (Shipments)



2023655658

Philip Morris USA

Michigan

Premium and Discount pricing in Michigan remained relatively stable.

C-STORE PACKS

	Base Week							Change	Change
	4/30	5/14	5/21	5/28	6/4	6/11	6/18	Prior Week	Base Week
Marlboro (net)	\$1.80	\$2.35	\$2.34	\$2.35	\$2.34	\$2.35	\$2.35	\$0.00	\$0.55
Lowest Discount	1.31	1.80	1.79	1.79	1.80	1.79	1.75	(\$0.04)	\$0.44
\$ Gap	0.49	0.55	0.55	0.56	0.54	0.56	0.60	\$0.04	\$0.11
% Gap	37.4%	30.6%	30.7%	31.3%	30.0%	31.3%	34.3%	3.0%	-3.1%

Sprmkts, Drug, Mass CARTONS

Marlboro (net)	\$15.64	\$20.70	\$20.74	\$20.59	\$20.78	\$20.76	\$20.73	(\$0.03)	\$5.09
Lowest Discount	11.57	16.55	16.56	16.51	16.77	16.63	16.54	(\$0.09)	\$4.97
\$ Gap	4.07	4.15	4.18	4.08	4.01	4.13	4.19	\$0.06	\$0.12
% Gap	35.2%	25.1%	25.2%	24.7%	23.9%	24.8%	25.3%	0.5%	-9.8%

SOURCE: NIELSEN PRICING AUDIT

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